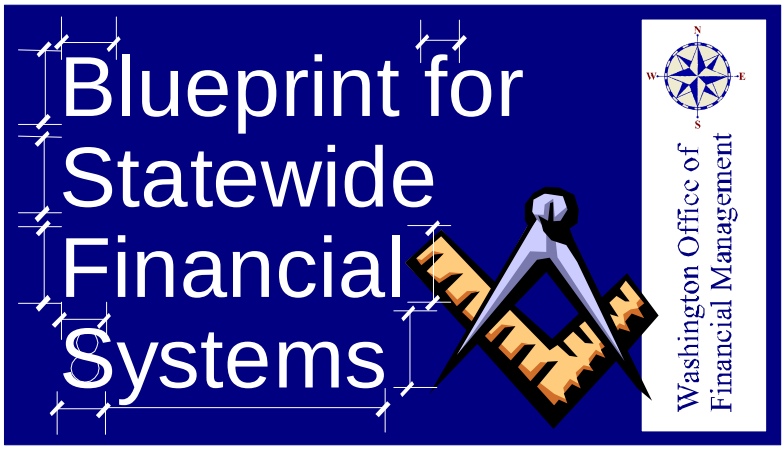
Washington Office of Financial Management

Enterprise Information Architecture Project



Final Report

Washington State Office of Financial Management

Blueprint for Statewide Financial Systems

Final Report

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Executive Summary

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A. Overview

Washington State government is charting its direction into the new millennium. Statewide financial systems must support this direction. The Office of Financial Management (OFM) and its partners – the Departments of Personnel (DOP), General Administration (GA), and Information Services (DIS), as well as line agencies – have joined forces to develop a financial systems blueprint. This blueprint will provide the architecture for financial systems that will help improve government services, enhance employee productivity, and protect our citizens' investments.

The enterprise architecture for statewide financial systems should achieve the following quality and functional objectives:

- Increase the internal integration of statewide financial systems and integration with unique agency financial systems.
- Enhance the efficient application, distribution, and reporting of financial data.
- Provide clear guidance as to scope and boundaries for new financial systems and policies.
- Establish clear financial information standards.
- Maximize access to financial information by all customers.

The Plan identified twenty-eight projects for implementation which focus on the Governor's objectives for improved quality, enhanced customer service, efficiency gains, alternative access to information and transactions, and costs savings.

- All will improve quality: better policy and management decisions via data availability and accessibility, improved data accuracy through elimination of data re-keying and synchronization, etc.
- All will improve customer service: streamlined business processes, full-featured applications, easy to learn system interfaces, etc.
- Most will provide efficiencies: fewer systems, fewer databases, easier to maintain applications, etc.
- Many will provide web-based transactions and/or data access: electronic forms, customer "self-service" applications, etc.

- Some will reduce costs, and some will increase costs. Increasing services generally increases costs. Reducing costs generally reduces services. It is a rare project, indeed, that both increases services and reduces costs immediately upon implementation.

B. Business Model

1. Trends

The business model identifies key trends that will impact future development. Agencies are losing individuals at all levels who understand financial systems and methods. Rapid changes in technology bolsters the need for ongoing training. Many agencies have been developing their own financial systems, some to meet unique agency requirements, others not. There have also been increasing demands for comprehensive financial information on programs that cover multiple agencies. Dedicated funds increase the complexity of a financial system and make it difficult to provide a "snapshot" of an overall budget. Some legislators and OFM are interested in better understanding what constitutes an agency's base budget. A number of agencies are interested in expanding their use of existing statewide systems; however others are concerned about whether the enterprise resource planning software truly addresses financial information needs. As more focus is placed on performance-based management, decision-makers require increasing amounts of information in order to make informed choices. The legislature is increasingly interested in the financial condition of local governments. All of these concerns point to a trend toward a centralized, statewide financial system, which could be readily combined with "web-enabled" technology to improve efficiencies and service.

2. Current Model and Function Breakdown

The current business model is comprised of customers, functions and financial systems. The three types of customers for financial systems and information are statewide entities, line agencies, and external customers. Customers rely on financial systems and information for three primary business functions: financial management, human resources, and procurement management. Financial systems are currently managed and maintained on both statewide and agency levels.

The Plan establishes a standard functional breakdown for accounting, budgeting, human resources and procurement management, which can be used as a common reference structure for the State.

3. Current System Strengths and Weaknesses

Among the strengths identified in the current system was recognition for the integrity of the data. Also of interest were the analytical capabilities of some of the systems, the extensive amount of data being collected, and the overall uniformity of data and business rules. Agency activity reports were found to be useful. Many statewide systems are efficiently serving more than 100 agencies and are supported by individuals capable of training others in system use. Current record keeping provides an overall control framework.

One of the weaknesses identified is a perception that AFRS is too complex; users find it difficult to obtain answers to simple queries. Summary reports are not easy to create and some users find it hard to create reports from existing systems. Certain systems did not easily accommodate changes required by legislative policy. Data does not always meet uniform standards, resulting in inconsistencies. Oversight for grants and contracts is not well supported. Cost accounting functions and lack of automated fiscal notes were also of concern.

C. Information Resource Catalog

The Information Resource Catalog section lists over 50 current statewide financial systems in table format.

D. Data Model

Work was done to identify the basic data entities supporting the state financial functions, data relationships and mapping those against financial functions.

E. Applications Architecture

1. Methodology

Architecture models were developed using the business model, the information resource catalog, the data architecture, and information gathered from a survey and focus groups. Applying business functions to each business area, a set of generic major systems were proposed and defined. These systems were further divided into processing systems and decision support/reporting systems.

2. Common System Principles

Certain principles guided development of the architectural vision. These principles should be applied in an efficient, effective manner. However, they should not prevent or delay the realization of clear business benefits for an agency or the state.

- Upgrade and replacement of the state's financial systems should be incremental.
- Financial and administrative applications will support the shared use of central common data stores.
- Common systems and tools will be used by state agencies whenever practical.
- Systems will provide for user "self-service".
- The state should provide more consistency in cross-agency coding.
- The state should select high payoff improvement projects.

3. Issues and Solutions

The Blueprint identifies issues and solutions for all financial systems applications: accounting, budgeting, human resources and procurement management.

F. Implementation Plan

The implementation plan identifies the projects, responsibilities, priorities, resource requirements and time phasing for implementing the blueprint. In total, twenty-eight projects were identified. The following ten projects are being proposed for immediate execution, along with a proposed schedule for high priority projects.

1. Governance, Management and Communication

A project of the magnitude of the Blueprint implementation requires:

- an established governance structure with authority to make project decisions, set priorities and foster compliance;
- a management strategy to direct implementation, manage resources and provide continuity; and
- a communications plan to promote an informed partnership between the project and its beneficiaries.

2. Human Resources Systems Options Analysis

This is the most significant and potentially critical need identified in the Blueprint. This analysis will address replacement alternatives for core payroll and personnel functions, as well as employee "self-service", time/leave management, recruitment management, training management, labor distribution, benefits management, salary projection, common employee identification, and a statewide employee data store.

3. Define Salary Projection System Requirements

The Budget and Allotment System user group has identified, as a high priority, the development of a new capability for projecting salaries and benefits.

4. Enterprise Data Architecture

A statewide data architecture is needed to meet processing and reporting requirements. This project will establish an overall data design to implement the information architecture and is a precondition for doing other projects.

5. Enterprise Reporting

This project intends to enhance Fastrack data, and Fastrack's reporting capabilities, through the inclusion of additional data types. This attends to the need for cross-functional reporting. In addition, this project addresses the lack of a Fastrack ad hoc reporting capability and web-based report request/delivery mechanisms.

6. Activity Based Costing Pilot

Activity Based Costing combines cost accounting with an activity orientation and performance measurement. It is seen as important by OFM, legislative staff and line agencies. The next step is a pilot project to identify requirements and test the concept. This project establishes groundwork for other initiatives.

7. Procurement Management Business Process Assessment

This study identifies alternatives for integrating various procurement activities. The project will review fundamental policy and the procedural basis for purchasing processes and identify areas for simplification, efficiencies, better management and control.

8. Assess Core Financial Systems

Major portions of the core financial systems are supported by older computer systems. This project will examine other state and vendor experiences prior to initiating major new projects. It will identify and validate experience with Enterprise Resource Planning and "best of breed" software solutions.

9. Define Contract/Grant Management System II Requirements

Contract/Grant Management System I will automate the management of client services contracts. Contract/Grant Management System II addresses additional requirements including personal services contracts, terms and conditions of contracts, and grants management.

10. Define Allotment System Requirements

This project will define requirements to replace the state's allotment systems, a high priority for the BASS user group. The new system will handle capital, as well as operating, allotments.

A proposed implementation schedule for the proposed priority projects is presented in Exhibit E-1 on the following page. The execution of these projects will enable the State of Washington to move towards the goals of the Blueprint for Statewide Financial Systems.

Exhibit E-1: Priority Projects Implementation Schedule

		2000			2001				2002				2003			
Project	**Category**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**	**1**	**2**	**3**	**4**
Governance, Management and Communications	Cross-Functional															
Human Resources Systems Options Analysis	Human Resources															
Define Salary Projection System Requirements	Budgeting															
Enterprise Data Architecture	Cross-Functional															
Enterprise Reporting	Cross-Functional															
Activity Based Costing Pilot	Accounting															
Procurement Management Business Process Assessment	Procurement Management															
Assess Core Financial Systems	Accounting															
Define Contract/Grant Management System II Requirements	Procurement Management															
Define Allotment System Requirements	Budgeting															

First or only phase Next phase

I. Business Model

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A. Introduction

Washington State government is charting its direction into the new millennium. Statewide financial systems must support this direction. The Office of Financial Management (OFM) and its partners – the Departments of Personnel (DOP), General Administration (GA), and Information Services (DIS), as well as line agencies – have joined forces to develop a financial systems blueprint. This blueprint will provide the architecture for financial systems that help improve government services, enhance employee productivity, and protect our citizens' investments.

This chapter presents the first piece of that architecture, a business model. This business model initiates the identification of state government trends and basic financial functions. It also identifies the functions' strengths and weaknesses, and provides guidelines for moving forward with improvements.

The enterprise architecture for statewide financial systems should achieve the following quality and functional objectives.

- Increase the internal integration of statewide financial systems.
- Increase integration of statewide systems with unique agency financial systems.
- Enhance the efficient application, distribution, and reporting of financial data.
- Provide clear guidance in the scope and boundaries of new financial systems and policies.
- Establish clear financial information standards.
- Maximize access to financial information by all customers.

B. Benefits of Blueprint

The Blueprint will provide the following benefits in terms of saving money and improving management decisions:

- Hard savings.
  - Fewer systems, databases, support staff.
  - Better managed assets (inventory, equipment, buildings).
  - Better managed contracts and suppliers.

- Efficiency through e-commerce.
  - Faster, cheaper, simpler processes.
  - Self-service (employees, customers, vendors).
  - Leveraged data.
- Cost avoidance.
  - Systems built more efficiently (e.g., common data stores).
- Better planning and budgeting.
  - Refocused programs (cross-agency views).
  - Cost of service.
  - Dedicated revenues.
- Better management focus and reporting.
  - Performance measures, results, balanced scorecard.
  - Management reports.
  - Staff training and consultation.
- Increased value of data.
  - Comparability, integration, access.

C. Washington Policy and Financial Systems Trends

In order to develop an enterprise architecture for statewide financial systems that will be truly effective in the future, the current environment should be assessed. This includes an analysis of the trends facing statewide financial systems as well as the overall strengths and weaknesses of the systems.

- **Lack of institutional financial expertise.** Agencies have not had or are losing individuals at all management and operational levels who understand financial systems and methods. There is also a need for training for qualified financial management and staff. In addition, the legislature has experienced significant turnover in its members. This creates a need for easily learned systems that produce easily understood results.
- **Increased performance orientation.** More agencies are moving toward performance-based management and the use of performance measures and unit costs to measure results. The governor's office has been promoting the "Balanced Scorecard" approach,

which involves performance measurement. Many agencies are pursuing quality initiatives. OFM has been working with agencies to improve performance measurement and describes its current approach as "performance-informed" budgeting. The current legislature is divided on performance measurement. Some on the transportation committees are advocates of performance-based budgeting while others are skeptical about the ultimate value of measurement and how it has been implemented in the state.

- **Cross-agency policy initiatives.** Increasingly, policy makers, citizens, and legislators need access to comprehensive financial information on programs that cover multiple agencies, such as salmon preservation.

- **Movement toward e-commerce.** The Governor is encouraging agencies to establish an interest in improving efficiency and service to citizens. Increasing numbers of financial systems are being developed using "web-enabled" technology. While these systems are beneficial, there are issues of privacy and security.

- **Difficulties with dedicated funds.** New revenues may be earmarked as dedicated funds rather than placed in the general fund, in order to ensure dollars are appropriated to the targeted program. However, managing increasing numbers of funds or dedicated accounts not only increases the complexity of the system, but also encumbers managers' ability to provide a snapshot of the overall budget. In addition, many dedicated revenues (those from hunting licenses, for example) have declined or not kept pace with program increases. There is a need to have better visibility of dedicated funds to avoid problems.

- **Decreasing tolerance for incremental budgeting.** Some legislators and OFM are interested in better understanding what constitutes an agency's base budget. Activity analysis can improve this understanding.

- **More pressure for a unified agency information structure.** Some legislators want OFM to apply a standard approach to agencies' structures and related systems, and to require more structured accounting of costs.

- **Growth in agency financial systems.** In recent years, many agencies have been developing their own financial systems. Some of these meet unique needs; some do not. This requires resources for acquisition, development, interfacing, maintenance, and data reconciliation, consequently requiring other agencies to develop numerous individual interfaces. There are almost 500 central and agency financial systems.

- **Renewed interest in statewide systems.** Some agencies are interested in expanding the use of statewide systems. The Department of Social and Health Services is interested in using the Agency Financial Reporting System (AFRS). The Department of Corrections and other agencies are interested in the new state purchasing systems, and several agencies have found their access to the WinSum system useful.

- **Concern about enterprise resource planning (ERP) software.** Some top officials are concerned about whether ERP will truly address financial information needs and whether it will justify costs and risks of implementation, given other statewide priorities.

- **Tight funds for systems administration.** It is difficult for agencies to obtain money for the administration of agency systems while staff levels remain unchanged.

- **Providing more information to decision makers.** Decision makers require increasing amounts and kinds of financial information to make informed choices.

- **Changing technology.** Decision makers struggle to make investment decisions concerning new technologies. Rapid advancements in the computer industry result in a sharp change in product performance and prices within a short time frame. Agencies find it challenging to keep up with these changes to improve their technological systems.

- **Interest in local government finance.** The legislature is increasingly interested in the financial condition, expenditures and activities of local governments. There may be a need to compare local government finances with those of the state.

D. Financial Functions

A blueprint for a future statewide financial systems enterprise architecture requires a thorough understanding of Washington State government's financial functions. Describing the current business model and breaking down functions within that model will provide such an understanding.

1. Current Business Model

The current business model, illustrated in Exhibit I-1, encompasses a wide variety of customers, functions and financial systems.

- **Customers.** There are three types of customers for financial systems and information: statewide entities, line agencies, and external customers. Statewide entities, such as the governor, the legislature and OFM manage and rely on state financial systems to provide macro level information for policy making and coordination of statewide functions such as budget development. Line agencies, including agency program and finance managers, comprise a set of customers that rely on financial systems for both management and operational purposes. External customers are those that represent the general public, other governmental agencies, vendors, and others that benefit and rely on the systems in ways that are unique to their interests. These customers require both detailed and summary information. External customers are a group with a growing interest in having direct access to financial information.

- **Functions.** Customers rely on financial systems and information for three primary business functions: financial management, human resources, and procurement management. Financial management is split into accounting and budgeting. These business functions include activities such as producing the comprehensive annual financial report (CAFR), accounting for revenue, and preparing and implementing the budget. Human resources, the second business function, includes activities such as preparing payroll and managing personnel information. The third business function, procurement management, includes activities such as contract and inventory management. All of these major functions, and their related customers and sub-functions, are further illustrated in Exhibits I-2 through I-5.

- **Financial systems.** Statewide financial systems are managed and maintained by five different agencies: OFM, DOP, GA, Office of the State Treasurer (OST) and the Legislative Evaluation and Accountability Program (LEAP). Agency systems, often unique to that agency's purpose, are managed by agency staff.

Exhibit I-1: Overall Business Model

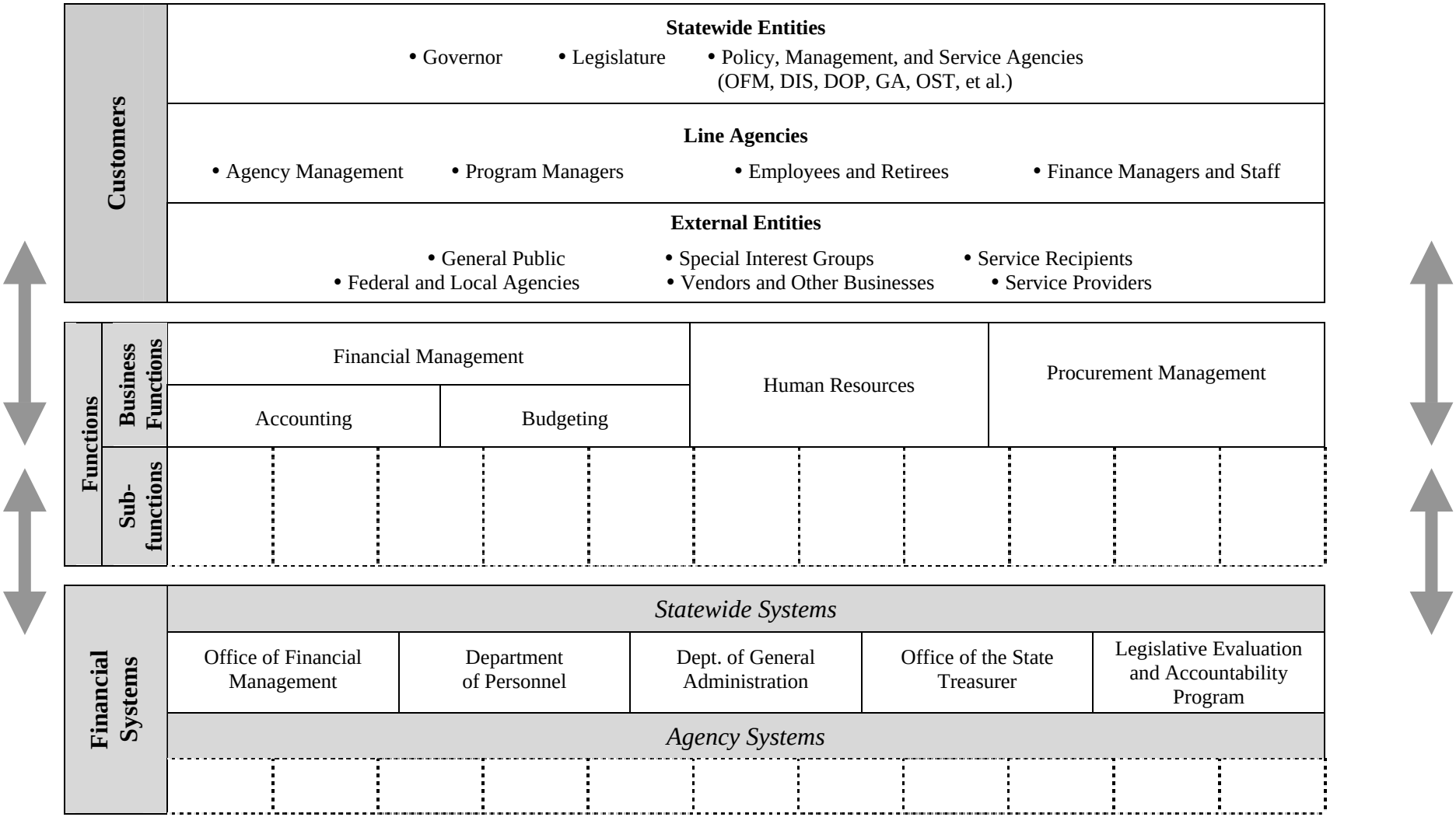


Exhibit I-2: Accounting

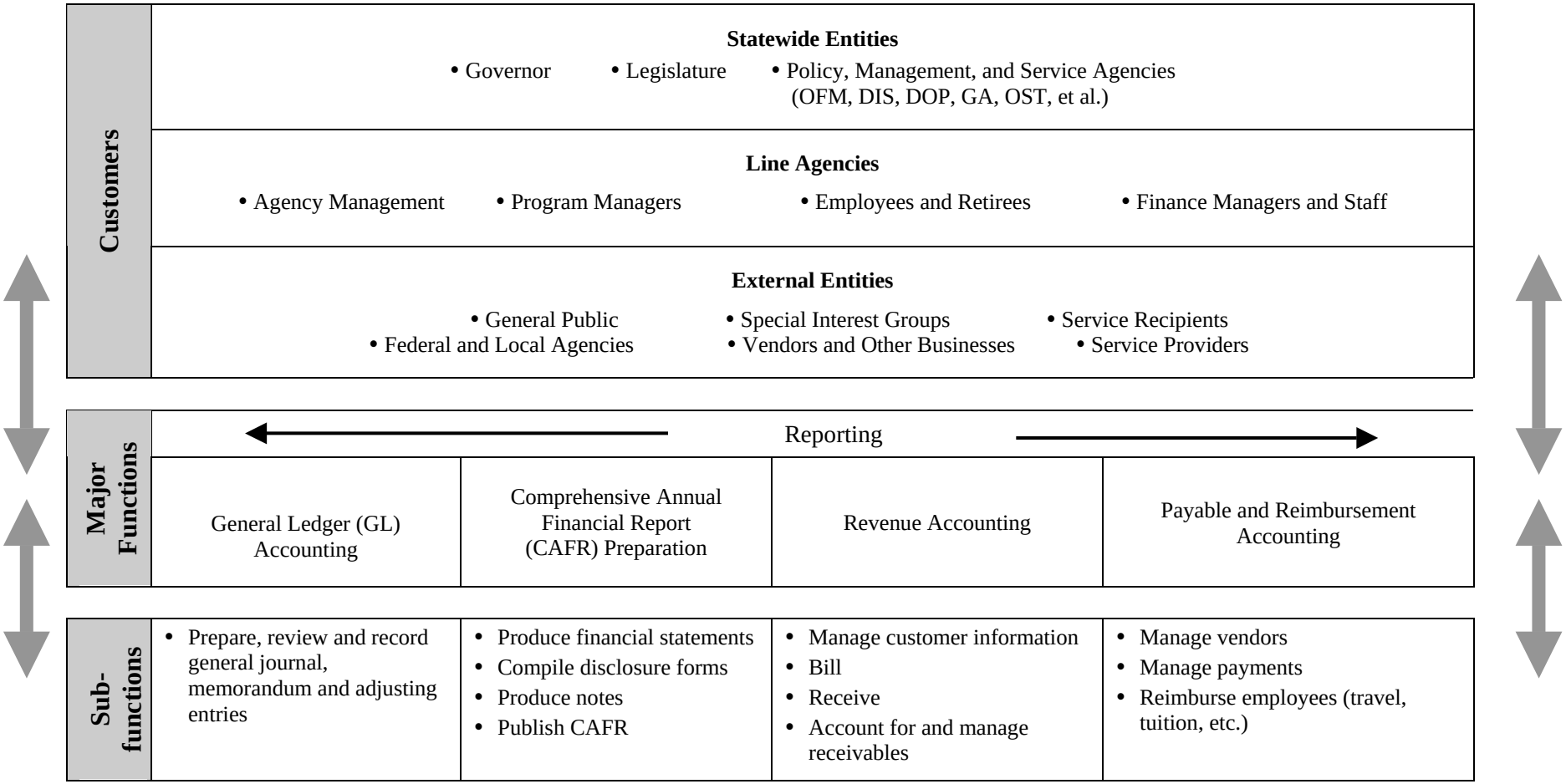


Exhibit I-2b: Accounting, cont.

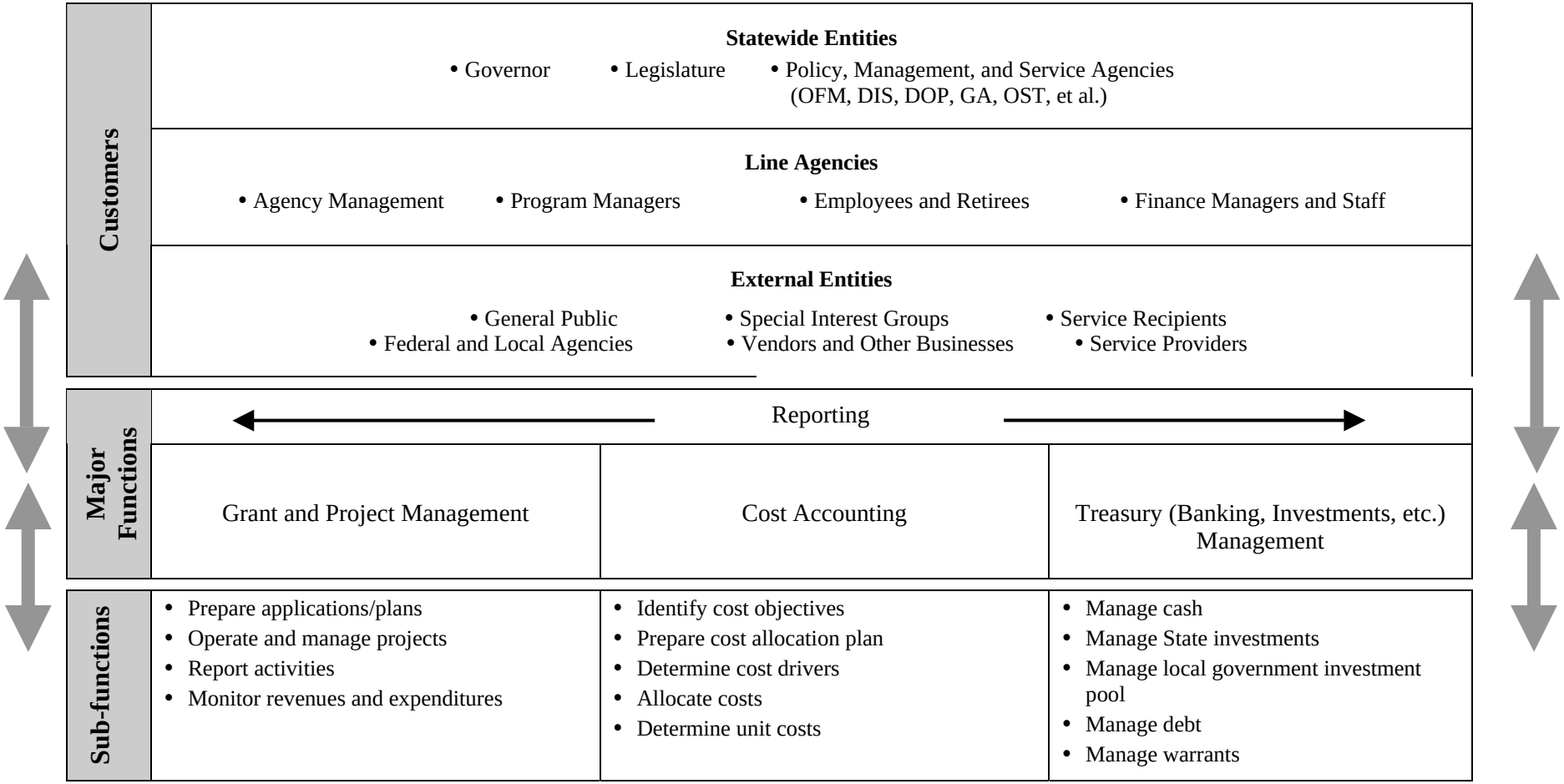


Exhibit I-3: Budgeting

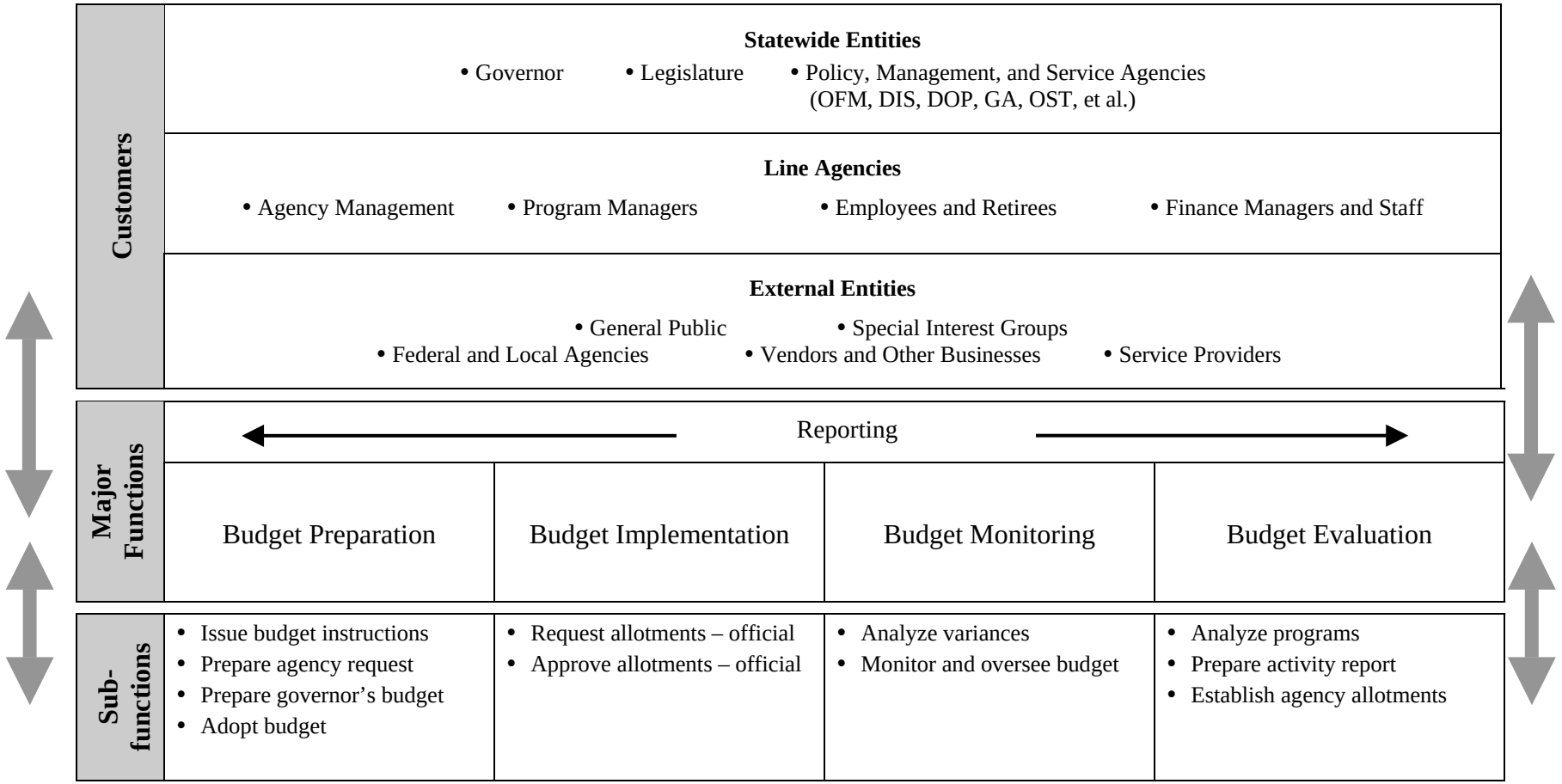


Exhibit I-4: Human Resources

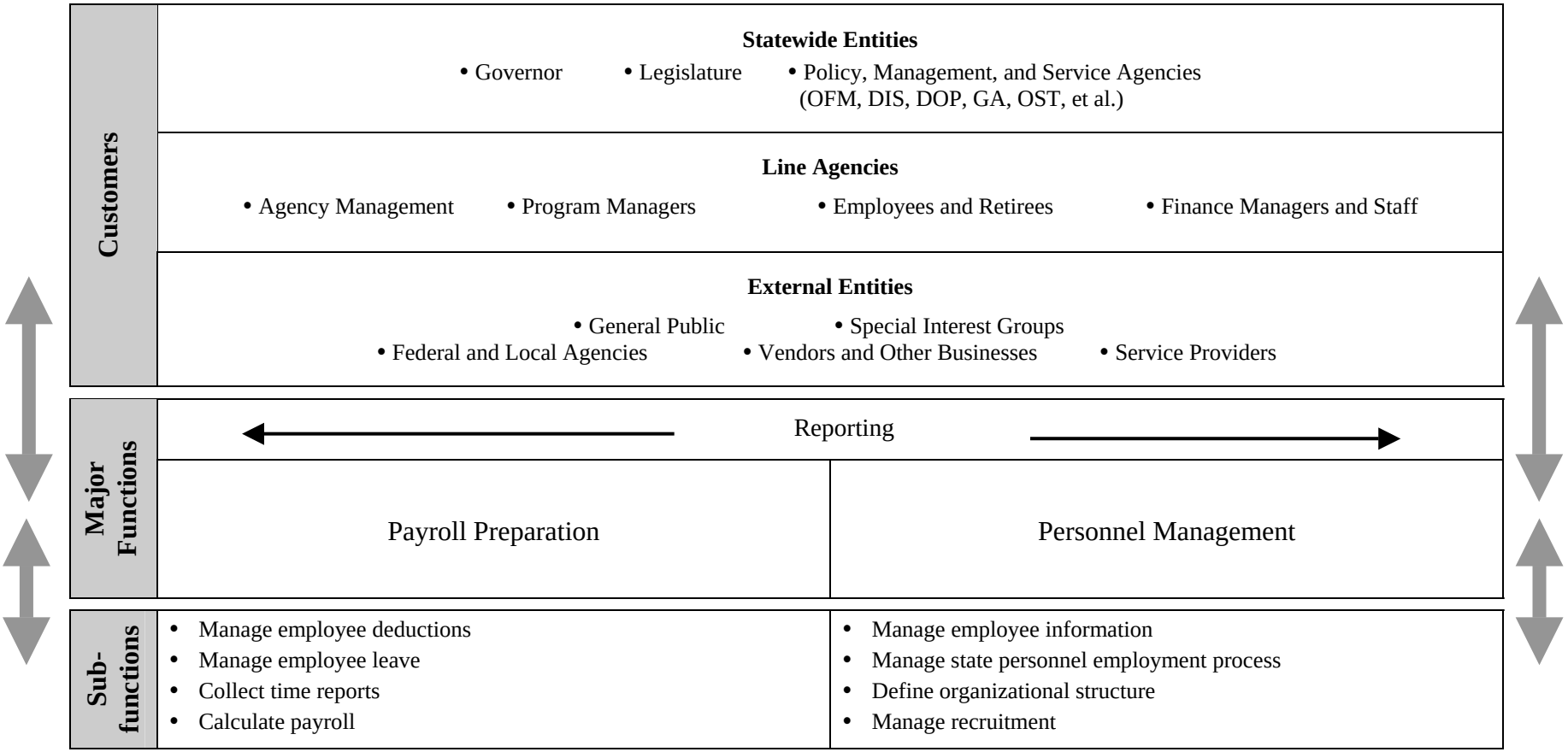
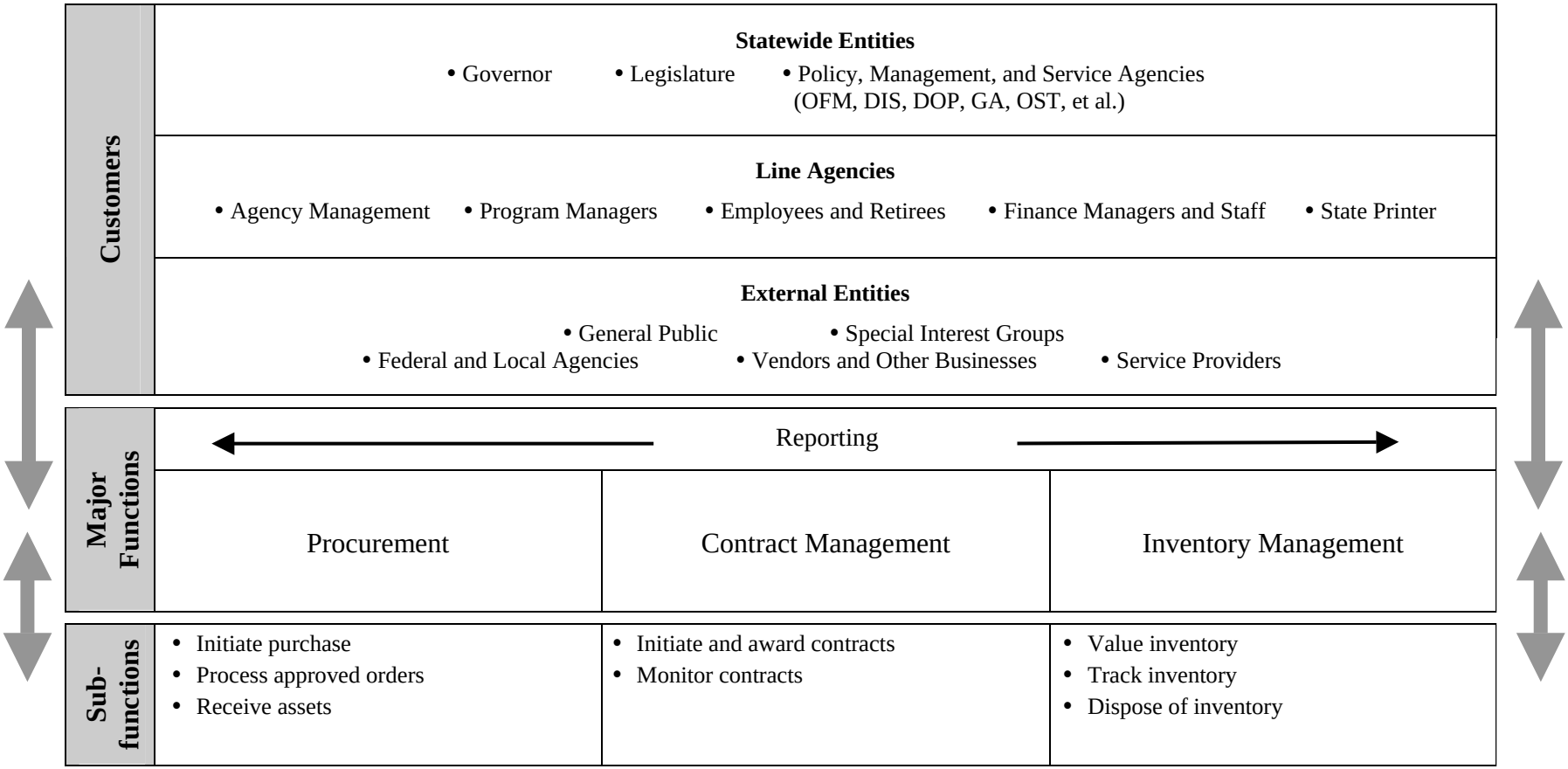


Exhibit I-5: Procurement Management



2. Functional Breakdown

Breaking down the major financial functions by sub-functions identifies the financial activities critical to agencies, regardless of how they are supported by current systems. Each of the major functions identified in the current business model is broken down in such a manner and described below.

a. Accounting

(1) Major function: General Ledger (GL) accounting

Sub-function:

- **Prepare, review and record general journal, memorandum and adjusting entries.** Agency staff prepare, review and record general journal, memorandum and adjusting entries for each fund.

(2) Major function: comprehensive annual financial report (CAFR) preparation

Sub-functions:

- **Produce financial statements.** OFM drafts, reworks and adjusts statements in financial reports.
- **Compile disclosure forms.** OFM sends agencies a disclosure form that is based on different requirements. (For example: director's certification is one disclosure form that goes to all agencies to collect information and revise statements.)
- **Produce notes.** OFM uses detail from the disclosure form to produce and revise notes, which are a part of the report.
- **Publish CAFR.** Agencies produce reports that include schedules and notes.

(3) Major function: revenue accounting

Sub-functions:

- **Manage customer information.** Agency staff identify and maintain customer attributes such as addresses, contacts, etc.
- **Bill.** Agency accounting staff invoice for licenses, permits, fees, fines and/or services. External customers report revenues by filing forms with the agency.

- **Receive.** Agency accounting staff collect payments or tax forms from internal and external customers via checks, journal vouchers, lockboxes, electronic funds transfers and credit cards. These are then deposited to fund(s).
- **Account for and manage receivables.** Agency accounting staff assess penalties, write off bad debt, create and send out statements and manage receivables. State agency staff may assess fines per law.

(4) Major function: payable and reimbursement accounting

Sub-functions:

- **Manage vendors.** Agency staff identify and maintain vendor attributes such as addresses, method of payment, certification requirements, etc.
- **Manage payments.** Agency staff record encumbrances and schedule payments; verify authorization and receipt of goods and services, and fund/appropriations; and manage payments against contracts, field, purchase order, and recumberance reports.
- **Reimburse employees (travel, tuition, etc.).** Agency staff reimburse employees for requested work related expenses, such as tuition, travel, etc.

(5) Major function: grant and project management

Sub-functions:

- **Prepare applications/plans.** Agency staff complete applications and develop work plans or contract. Appropriations and regulations are reviewed.
- **Operate and manage projects.** Agency project managers manage and carry out work plans associated with projects and monitor and report performance against expectations, regulations, and contract.
- **Report activities.** Agency project managers report financial and performance status to grant/project sponsor.
- **Monitor revenues and expenditures.** Authorize grant/project charges or revenue draws against the appropriate fund. Record revenue receipts to the appropriate fund.

(6) Major function: cost accounting

Sub-functions:

- **Identify cost objectives.** Agency accountants and program staff identify cost objectives.
- **Prepare cost allocation plan.** Agency prepares a plan for allocating overhead and other costs based upon factors such as labor hours, square footage, etc.
- **Determine cost drivers.** Agency accountants and program staff identify common and unique cost drivers needed to support operations.
- **Allocate costs.** Agency accountants and program staff identify direct labor and non-labor expenses by cost pool according to cost allocation plan and/or the agency policy.
- **Determine unit costs.** Agency staff divide cost drivers into relevant costs to determine unit costs.

(7) Major function: treasury (banking, investments, etc.) management

Sub-functions:

- **Manage cash.** OST manages the flow of moneys to the state's bank accounts, and the outflow of moneys to state and local governments, vendors, beneficiaries, claimants and employees. Agency fiscal offices record, report and project cash receipts and disbursements to OST for concentration banking and warrant processing.
- **Manage state investments.** The State Investment Board invests the state's operating and capital cash reserves for maximum return under defined risk parameters. Investment boards and deferred compensation committees project revenues, make investments, track investments, and apportion earnings to the correct funds.
- **Manage local government investment pool.** OST investment staff invest and manage pooled local government funds.
- **Manage debt.** The state treasurer chairs the State Finance Committee. OST serves bond holders, state agencies, and the citizens of the state by providing financing recommendations and operational services to the State Finance Committee, which is responsible for the authorization and issuance of all state debt.
- **Manage warrants.** Agency staff process and maintain the records of warrants, which bear the signature of the state treasurer.

b. Budgeting

(1) Major function: budget preparation

Sub-functions:

- **Issue budget instructions.** OFM issues budget instructions and policy guidance to agencies.
- **Prepare agency request.** Agency staff review past expenditures and revenues, and forecast costs and revenues. Agency staff and management teams determine what enhancements they would like to make in their programs, or what additional services they recommend be funded, prepare decision packages, and compile and submit the budget.
- **Prepare governor's budget.** OFM reviews past expenditures and revenues, reviews agency requests, meets with the governor, and produces the governor's budget, including financial and performance data.
- **Adopt budget.** The legislature reviews agencies' requests and the governor's budget in each house, and adopts the budget in the appropriation bills.

(2) Major function: budget implementation

Sub-functions:

- **Request allotments – official.** Agencies record appropriations and create spending plans that become official allotments.
- **Approve allotments – official.** OFM reviews, requests modifications to, and approves official allotments, which can change only under specific circumstances (e.g., unanticipated receipts).

(3) Major function: budget monitoring

Sub-functions:

- **Analyze variances.** Agencies monitor budget versus actual revenues, expenditures and performance measures.
- **Monitor and oversee budget.** OFM and the legislature review agency spending, revenue collection and performance.

(4) Major function: budget evaluation

Sub-functions:

- **Analyze programs.** Agencies, OFM and the legislature evaluate program activities and expenditures to assess efficiency, effectiveness and compliance with legislative budget intent.
- **Prepare activity report.** Agencies prepare activity analyses, which identify spending plan allotments according to purpose.
- **Establish agency allotments.** Agencies may create a spending plan for internal use and can change it at will.

c. Human resources

(1) Major function: payroll preparation

Sub-functions:

- **Manage employee deductions.** Agency payroll staff and/or employees manage deductions for taxes, pensions, deferred compensation, healthcare benefits, parking, contributions, etc.
- **Manage employee leave.** Agency payroll staff manage annual and sick leave for employees.
- **Collect time reports.** Employees report regular, overtime and leave time per pay period.
- **Calculate payroll.** Agency payroll staff record the number of regular, overtime, shift, and call back hours worked. The amount of each employee's compensation and benefits is recorded.

(2) Major function: personnel management

Sub-functions:

- **Manage employee information.** Agency staff, employees, or DOP manage employee information, employment history, training and other career information.
- **Manage state personnel employment process.** The DOP manages the state compensation plan, the job classification structure and the state merit system rules.

- **Define organizational structure**. Agency staff look at business processes and analyze reorganization issues in order to become more efficient and effective.
- **Manage recruitment.** Agency staff and DOP recruit candidates and hire employees consistent with state personnel rules.

d. Procurement management

(1) Major function: procurement

Sub-functions:

- **Initiate purchase.** Agency staff identify the need for a purchase and submit a purchase request, research the market, and submit justification, including the source of funds, for approval.
- **Process approved orders.** Agency staff solicit competitive contractor bids from vendors or order from state contracts to comply with purchasing regulations. They encumber the order (if necessary) and track the progress of the order.
- **Receive assets.** Agency staff receive goods or services, distribute them to users, and initiate request for payment.

(2) Major function: contract management

Sub-functions:

- **Initiate and award contracts.** Agency purchasing staff and Office of State Procurement (OSP) manage competitive bid requests.
- **Monitor contracts.** OSP or agency purchasing staff monitor usage and dynamic terms of contracts and handle complaints.

(3) Major function: inventory management

Sub-functions:

- **Value inventory.** Agency staff use historic market data or generally accepted valuation principles to assign costs to fixed and consumable assets.
- **Track inventory.** Agency staff and OSP track the receipt, usage, location and disposal of inventory. An independent party conducts periodic physical inventories.

- **Dispose of inventory.** Agency staff forward fixed assets to the GA for value assessment and final disposal. The item may be transferred to another agency for further use. Consumable inventory items are issued for use.

E. System Strengths and Weaknesses

There are approximately 50 different central statewide financial systems currently in use. The following is a description of some of the strengths and weaknesses of these systems.

1. Strengths

- **Data integrity.** Accurate financial information is being distributed; information from OFM is described as "clean" and "clear."

- **Analytical capability.** Some systems, like WinSum, provide good capability for analysis.

- **Extensive data.** A significant amount of data is collected, and is being leveraged for numerous purposes.

- **Insightful agency activity inventory report.** Agencies, and especially legislative staff, find agency activity reports highly useful. The reports are particularly important for educating new legislators about agency functions.

- **Uniformity**. Data and business rules are common for statewide reporting purposes in many of these systems.

- **Control.** Recording appropriation amounts, corresponding allotments, revenues and expenditures provides an overall control framework in the statewide systems.

- **Efficiency.** Many of the statewide systems provide financial capabilities to more than 100 agencies in the state, avoiding the need for individual agency financial systems.

- **Support.** Most of the statewide systems are supported by individuals with both financial and systems backgrounds to assist customers in training and system use.

2. Weaknesses

- **Limited point-of-view.** Financial systems output is developed only from certain policy and management points-of-view, and not designed with all customers, employees, or businesses in mind.

- **Complexity.** AFRS is perceived as being too complex and offering too many options. As such, it intimidates some users who require only a few pre-determined functions. Staff often don't understand the financial systems and believe they are too difficult to use.

- **Dissatisfaction with management reporting.** Some managers do not perceive that they can create useful reports from the existing systems. Some reports utilize data that is too old to be of use. They also need new functions, such as payroll forecasting.

- **Inconsistent data definitions.** While the central financial systems provide uniformity at some levels, data does not always meet standards, and is sometimes inconsistent with similar information. A query placed to three different agencies often yields three different answers.

- **Forecasting trends.** Agencies do not currently have the forecasting features needed to conduct simple trend analysis of spending patterns. These controls are needed to better manage financial risk. Also, managers lack confidence in the data currently produced in reports due to lack of timeliness and mistakes made in data input.

- **Accuracy versus timeliness.** Financial reports are often produced with inaccurate data or are not timely. Inefficient bookkeeping procedures delay producing reports within a short time frame or sacrifice accuracy of the data.

- **Difficulty answering simple queries.** It is difficult to postulate a simple query, such as what a budget base is for a particular program.

- **Inflexibility.** It is difficult to enhance certain systems to accommodate changes like those in legislative policy. Because of this difficulty systems managers can be seen as obstacles to change. Some staff have described current systems as old, cumbersome, and unaccommodating.

- **Difficulties in creating summaries.** Certain micro- and macro-perspectives of financial data are not well addressed. Information is not always available at the overview level, often requiring staff to specially code each needed summary report.

- **Underused specialized databases.** OFM offers agencies many specialized databases and services that they are not aware of, but which may be of benefit to them.

- **Lack of central oversight of contracts and grants.** There is inadequate systems support to manage contracts or to track grants, especially pass-through grants.

- **Inconsistent expenditure monitoring data.** Currently, the legislature only has access to expenditures, as compared to "official allotments." Agencies, on the other hand, monitor against "agency allotments." The legislature would like access to track against agency allotments, as well.

- **Manual fiscal notes.** Agencies and legislative staff desire an automated fiscal note system to fulfill their information needs.

- **Lack of historical information.** It is difficult to access detailed historical data in programs other than the LEAP, if the data is available at all.

- **Difficulty in issue tracking.** There is difficulty in collecting program information across agencies, as agencies use "program" codes differently. Compounding the problem, OFM is issue-oriented, while agencies are organization-oriented. Broad strategic objectives that are consistent from year to year could be integrated into a programming coding structure.

- **Cost accounting.** Additional cost accounting functionality is needed, along with the systems to adequately support it.

- **Depreciation.** The capability to calculate depreciation in current statewide systems is limited. This functionality needs to be added to properly amortize costs over the life of the asset.

F. Guidance for Blueprint Development

As indicated in this document, OFM has many initiatives underway, both planned and proposed, to achieve the blueprint vision. Further, other agencies have identified even more potential improvement initiatives. Clearly, OFM and its partners will not have the resources to undertake all initiatives and will need to set priorities.

To provide guidance in selection and prioritizing business improvements, the following factors should be considered:

- Benefit. There needs to be a clear benefit to the business or customers from implementing the project. Benefits should be in the form of increased efficiency, effectiveness, or customer service. Where possible, benefits should be measurable.
- Sponsor support. Projects should be backed by groups such as the Governor, legislature, agency management, staff or customers.
- Impact. The extent and speed of impact of benefits should be assessed. In general, the more agencies or individuals that benefit the quickest, the higher the priority rating. Sometimes the impact can present challenges that should be addressed, such as when many organizations must change the way they do business to accommodate a new technology.

- Size. The size and complexity of the project should be assessed. Given resource and management constraints, the number of large projects that can be conducted at any one time is limited.
- Cost. The amount of resources required obviously will determine the ability to pursue a given project. However, benefits should be compared to costs. Some inexpensive projects may have high benefits and some expensive projects may yield only moderate benefits.
- Risk. Various risks need to be assessed including: project risk, if many interdependent tasks must be managed; business risk, if many business processes must change; or technology risk, if technology is unproven.

II. Information Resource Catalog

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There are more than 54 current statewide financial systems software applications (or under development) in Washington State government. These applications are operated and maintained by the OFM, DOP, GA and LEAP.

In order to understand these applications, an inventory was done of them and their technical characteristics. The results of that inventory are presented on the following pages. It is important to note that these applications do not include those supported by agencies or other organizations, such as that supporting community colleges.

The Information Resource Catalog presents a profile of each known central financial system. The systems are grouped by the four areas – Accounting, Budgeting, Human Resource, and Procurement Management as discussed in the business model document. Below is a list with a definition for each column in the catalog matrix. The matrix itself is included on the following pages.

Column Descriptions	*Explanation*
System Acronym	System acronym
System Name	System name
Description	Brief description of system; lists what the system does
Business Function Supported	Major function supported from list of categories in business model
Business Process Owner	Organization/person responsible for business processes associated with this system/data
Data Steward	Organization/person responsible for defining, collecting, safeguarding, and distributing the data
Code Responsibility	Organization/person responsible for maintaining the system source code, including DDL
Data Supplier	Agencies/organizations and systems that supply the external data for the system
Internal Customers	Internal divisions/organizations that use and depend on the system/data
External Agency Customers	Outside agencies/organizations that use and depend on the system/data: Governor, Legislature, Federal or Local Agencies, Vendors, Special Interest Groups, General Public, etc.
Interactive Agency Use	Number of agencies that use the system on-line or digitally
Report (Hardcopy) Agency Use	Number of agencies that use hardcopy reports from the system

Column Descriptions	*Explanation*
Major Outputs – Reports	Specific reports that result from the system
Major Outputs – Data	Important data that result from the system
Data Structure	Number of database tables or flat files
Filter/Edit Complexity	High, Medium, Low – user interface, filters, edits, etc.
Manipulation Algorithm Complexity	High, Medium, Low – business rules, coding, etc.
Execution Platform	Computer system on which code is executed to maintain the data
Source Code Platform	Computer system where source code is stored
Storage Platform	Computer system on which system data resides
Data Storage Technology	Database engine or file system
Programming/Maintenance Technology	Programming/scripting language or tools for system
Report or Extract Technology	Programming/scripting language or tools specific to report extraction
Data Backup Method	How does data backup occur, where, how often
Data Criticality	High/Required – required for operation, decision-making, compliance Medium/Very Useful – very useful for operation, decision-making, compliance Low/Somewhat Useful – somewhat useful for operation, decision-making, compliance
RCW or WAC	Is data listed in RCW or WAC? - Yes or No and/or list specific RCW/WAC if known
Policy Use	Yes or No – system/data is used for policy determination, decision support
Management Use	Yes or No – system/data is used for management information
Operational Use	Yes or No – system/data is used for operational support
Append Frequency	How often are new data records added – daily, weekly, monthly, etc.
Update Frequency	How often are existing data records modified – daily, weekly, monthly, etc.
Lifespan	Length of time after which data is no longer valid or necessary
Annual Support Budget	Annual cost to support/maintain system
Support FTEs	Number of FTEs that support/maintain system

III. Data Model

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Work was done to identify the basic data entities supporting the state financial functions, data relationships and mapping those against financial functions. The results of this modeling are available on the OFM Computer Aided Software Engineering (CASE) tool.

IV. Applications Architecture

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A. Introduction

1. Methodology

The blueprint applications architecture models were developed from a number of source inputs created during previous phases in the project. These source documents include:

- The business model, which described the major business functions and associated sub-functions for each of the four business areas – Accounting, Budgeting, Human Resources, and Procurement Management.
- The information resource catalog, which contains an inventory of the current applications that are currently used in support of the four business areas.
- The enterprise entity to function data developed as part of the data architecture.
- Information gathered using a survey and during project focus groups relative to systems requirements and capabilities desired by the current stakeholders of the four business areas.

Taking each business area one at a time, and using the business model business functions as a guide, a set of generic major systems and their respective data stores were proposed and defined. These systems, as defined, should provide the necessary capabilities to support the business functions and manage the data required for each business area across the statewide enterprise.

As these systems were defined, they were divided into two categories – processing systems (Exhibit IV-1) and decision support/reporting systems (Exhibit IV-2). This logically separates the systems that perform transaction processing from those systems that are used for executive information, decision support or reporting. A processing system, by its nature, creates, updates, and deletes data from its respective data stores. In conjunction with the data stores it is responsible for, it contains the logic associated with enforcing the business rules.

Exhibit IV-1: Processing Systems and Data Stores

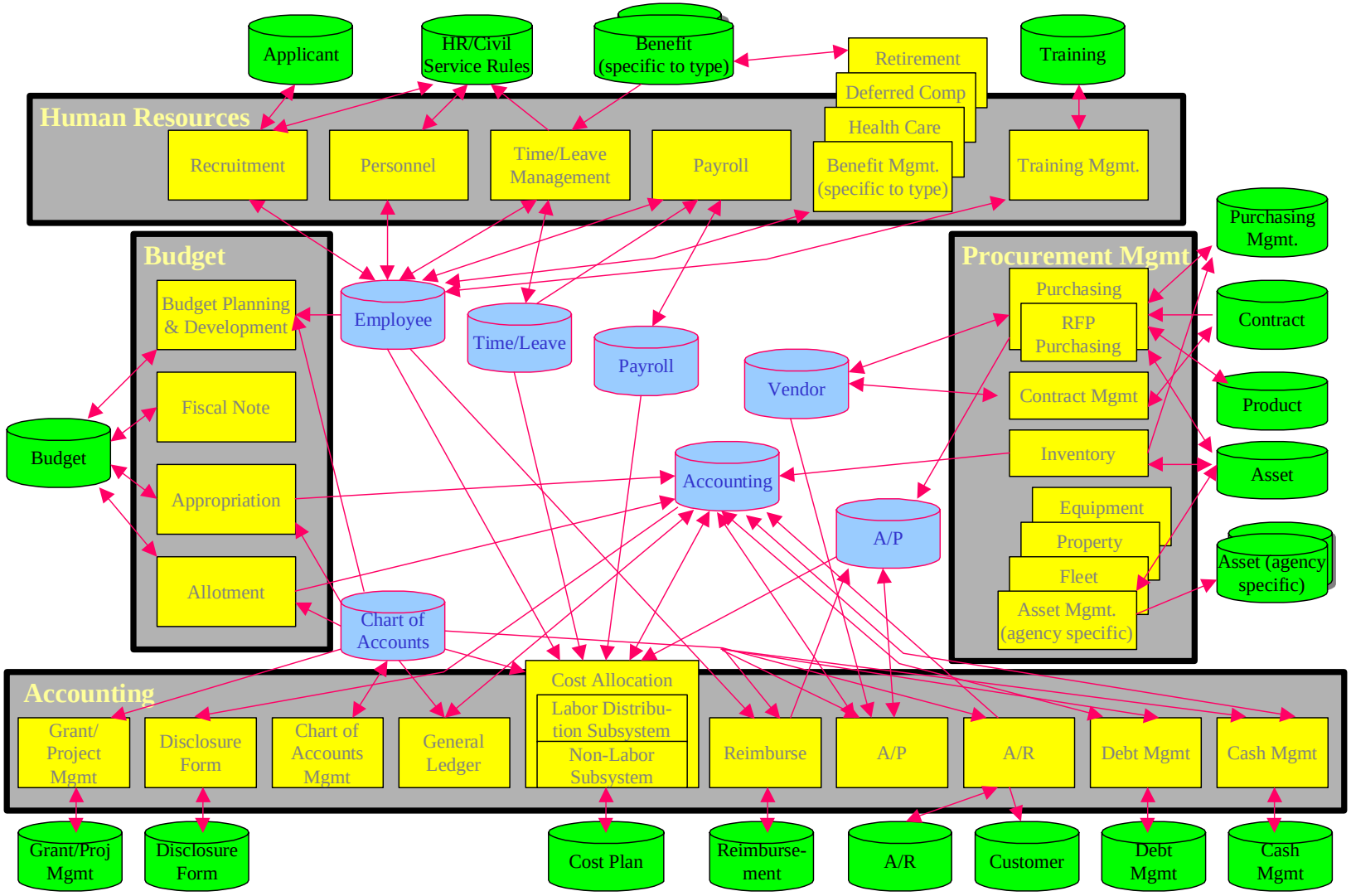
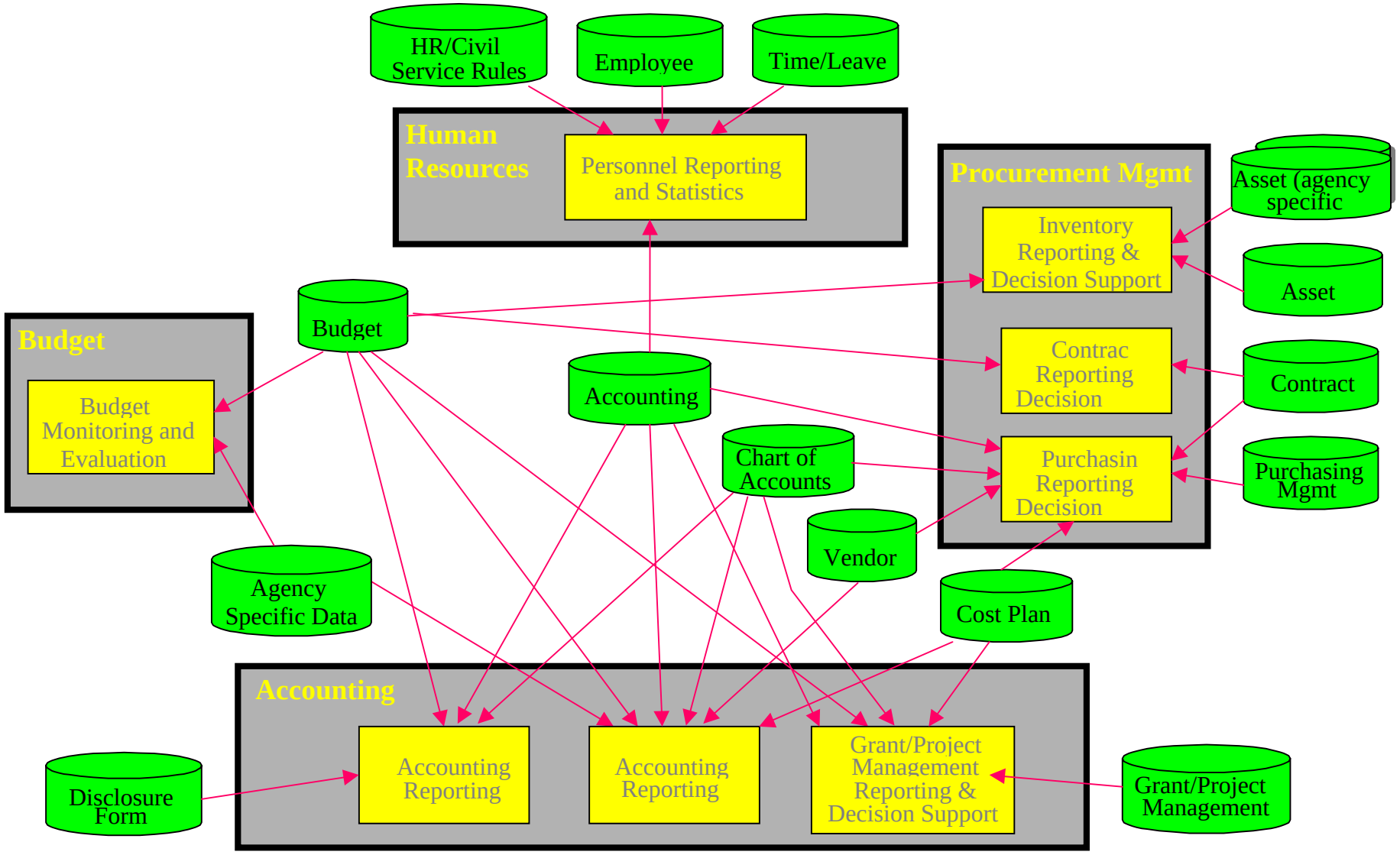


Exhibit IV-2: Decision Support/Reporting Systems and Data Marts



A decision support/reporting system, on the other hand, only reads data from its data sources and then sorts, groups, summarizes and manipulates the data in order to make it meaningful to its user. The source of the data for a particular decision support/reporting system comes from extracting and "transforming" data contained in one or more of the processing system data stores. In the blueprint applications architecture, these data sources for the decision support/ reporting systems are referred to as decision support data warehouses. Some of the current data sources in the state that are examples of this type of decision support data source include the FastTrack "data warehouse" (accounting data) and the Human Resource Data Warehouse (personnel and payroll data).

After the processing and decision support/reporting systems and their data stores were defined for each of the four business areas, the information was combined to show which data stores were used by more than one of the four business areas. The relationships between the four business areas become clearer then, from a data, applications, and business function prospective.

2. Common System Principles and Goals

A number of guiding principles and/or goals that are common for all systems in the enterprise were discussed and referenced while developing the blueprint vision of the application architecture. These would also be useful guidelines to use as new systems and capabilities are developed in the future. Exhibit IV-3, below, presents the principles along with a description of the impacts of each.

Exhibit IV-3: Architectural Principles

Principle	Impact
1. There should be an incremental approach to the upgrade and replacement of the state's financial systems	• Implies that individual projects of shorter duration and scope with incremental value will be used to implement a long-term vision, rather than engaging in a single large-scale project. • Requires an underlying architecture that will unify the incremental projects and achieve simplicity of system use and integration of data.
2. Financial and administrative applications will support the shared use of a few central common data stores.	• This principle will require consideration in the design, acquisition and implementation phases of state financial and administrative systems. Additional incremental costs may be incurred on individual projects to achieve this goal.

Principle	Impact
	• Key data stores identified at this time are: – Employee – Vendors – Business Customers – Accounting – Budget and Performance • Data will have standard definitions. It also will be entered once and use validation rules to maintain data integrity.
3. Common systems and tools, centrally maintained, will be used by state agencies whenever practical.	• Consistent with statutes and Information Service Board (ISB) policies, agencies will endeavor to use common systems, maintained by central agencies as a first choice for meeting their financial and administrative systems needs. • Common systems distributed to individual agencies for their own customization, use and maintenance would be a second choice. • Individual, unique agency solutions would be a third choice.
4. Systems will provide for user "self-service."	• Overall transaction costs can be decreased and customer service improved if customers directly update or access their own files. • To accomplish this, data must be understandable and accessible to all who need it.
5. The state should provide, where appropriate, more consistency in cross-agency coding.	• May require changes to some program structures and ten-year history. • May require changes in agency business practices.
6. The state should select high payoff improvement projects.	• May require coordination and concurrent development projects between multiple agencies. • Methodology should not unduly hinder infrastructure projects. • Sequencing of projects can be critical to achieving benefits.

These principles represent agreed upon "best practices." They should be applied in a way that maximizes efficiency, effectiveness, or customer service benefits for Washington State. They should never be applied in a way that presents or unnecessarily delays the realization of clear business benefits for an agency or the

State. Also, the principles should not be construed to prevent or delay changes that have been mandated by external events.

3. Blueprint Application Architecture Model Description

The blueprint application architecture model for each business area depicts, at a high level, the definitions of candidate systems and data stores used to support statewide business functions. The models were developed using the following "rules".

- Systems are categorized as either decision support/reporting systems or processing systems and put in the upper or lower portion of the diagram accordingly.

- Decision support/reporting systems use decision support data warehouses as their *only* source of information. On-line analytical processing (OLAP) tools may be used by the decision support/reporting systems to give more ad hoc report and query access to their respective decision support data warehouses.

- Processing systems create, update and use data from various subject data stores that exist throughout the enterprise.

- The decision support data warehouses contain read-only data and are comprised of information extracted from multiple subject data stores. The appropriate data may be extracted, cleansed and transformed as necessary to meet the requirements of the decision support/reporting systems.

- The subject data stores contain subject data that is created, updated and used by various processing systems throughout the enterprise. For each set of subject data, there is only one subject data store in existence throughout the enterprise. One of the processing systems has the primary responsibility for creating/validating the data in a subject data store (i.e., can be thought of as the subject data store "owner").

B. Accounting

1. Introduction

The accounting systems/applications are responsible for supporting the following accounting functions from the business model:

a. General Ledger (GL) accounting

Prepare, review and record accounting transactions to the appropriate fund and program to ensure the financial position and results of operations are fairly stated.

b. CAFR preparation

Draft, review and adjust general ledger information to produce generally accepted accounting principles (GAAP) or other comprehensive basis of accounting financial statements.

c. Revenue accounting

Receive and properly account for payments. Maintain customer information. Invoice customers. Manage receivables by assessing penalties/fines, writing off bad debt, preparing statements etc.

d. Payables and reimbursements accounting

Manage payments and credits against invoices, contracts, and encumbrances. Maintain vendor information. Verify the receipt of goods and services and reimburse employees for work-related expenses.

e. Grant and project accounting

Manage and carry out work plans associated with grants/projects. Monitor and report performance against expectations, regulations, and contract specifications. Authorize grant/project charges or revenue draws.

f. Cost accounting

Identify cost objectives, cost drivers, and cost pools for selected programs/ activities. Prepare a cost allocation plan for allocating overhead and other costs. Allocate the costs according to the cost allocation plan.

g. Treasury management

Manage cash, investments, and state bonded debt. Issue and redeem warrants and maintain warrant records.

2. Current Applications

The following describes how the current applications are used to support the accounting functions from the business model.

a. GAAP accounting and budgeting

Chapter 43.88 of the RCW is known as the "Budget and Accounting Act". Some of the relevant provisions of that chapter are:

43.88.037 requires a statewide accounting system:

"(1) The director of financial management shall devise and maintain a comprehensive budgeting, accounting, and reporting system in conformance with generally accepted accounting principles applicable to state governments, as published in the accounting procedures manual pursuant to RCW 43.88.160(1).

(2) The director of financial management shall submit a budget document in conformance with generally accepted accounting principles applicable to state governments, as published in the accounting procedures manual pursuant to RCW 43.88.160(1)."

43.88.160(1) repeats this when talking about powers and duties:

"Governor, director of financial management. The governor, through the director of financial management, shall devise and supervise a modern and complete accounting system for each agency to the end that all revenues, expenditures, receipts, disbursements, resources, and obligations of the state shall be properly and systematically accounted for. The accounting system shall include the development of accurate, timely records and reports of all financial affairs of the state. The system shall also provide for central accounts in the office of financial management at the level of detail deemed necessary by the director to perform central financial management. The director of financial management shall adopt and periodically update an accounting procedures manual."

43.88.110 imposes some miscellaneous requirements:

"...(6) It is expressly provided that all agencies shall be required to maintain accounting records and to report thereon in the manner prescribed in this chapter and under the regulations issued pursuant to this chapter. Within ninety days of the end of the fiscal year, all agencies shall submit to the director of financial management their final adjustments to close their books for the fiscal year. Prior to submitting fiscal data, written or oral, to committees of the legislature, it is the responsibility of the agency submitting the data to reconcile it with the budget and accounting data reported by the agency to the director of financial management."

b. GL accounting

Washington State's official GL is kept in the AFRS system. Even those agencies that maintain their own GL systems (Washington State Department of Transportation and the colleges, for example) interface transactions, at least monthly, to the AFRS GL. Even the summary agencies often input year-end adjustments directly into AFRS.

The AFRS system is operated and maintained by the OFM. The system operates in the OS/390 mainframe environment provided by the DIS.

c. CAFR preparation

A CAFR file (SQL) is prepared from AFRS data. This file is used by the OFM CAFR team to analyze financial data and prepare some required notes and schedules. Some information for notes/schedules in the financial statements is collected through a series of disclosure forms sent to state agencies. This is a partially automated process, but some forms are still done manually. The most notable is an agency certification form that must be signed by each agency director. Most of the CAFR reports used by agencies during the preparation cycle are available through the AFRS on-demand process.

d. Revenue accounting

As the GL, AFRS contains the Revenue and Accounts Receivable Control Account. AFRS provides substantial depth of coding to distinguish revenue sources, program, etc. AFRS does not provide aging, customer management, or any other accounts receivable business functionality.

The Solomon A/R system, provided by OFM, is currently used by nine state agencies. It provides a full set of generic tools for managing receivables and provides an automated, edit controlled interface to AFRS. It was not designed to handle the complexity of agencies where the accounts receivable business is intertwined with some other business process.

e. Payables and reimbursements accounting

AFRS generates state warrants and electronic fund transfers (EFTs) either from on-line input or batch interfaces. The disbursement reporting system (DRS) has substantial query and reporting capabilities useful to vendors. Agencies also have the ability to change their DRS records (usually to facilitate 1099 reporting). The DRS is an optional use system and agencies control how long the data is kept.

f. Grant and project accounting

AFRS provides some functionality for this business function. The chart of accounts includes projects (which can cross budgetary periods). The chart of accounts also provides sufficient coding depth for most grant accounting. AFRS does not provide much, if any, capability for the specific management of grants or projects. There are no tools or reports that allow the capture of contract terms and/or regulations, and AFRS provides no automated facility for requesting, receiving and recording revenue draws.

g. Cost accounting

The AFRS chart of accounts structure provides sufficient depth to accomplish most cost accounting business functions, but does not provide any automated tools/reports that facilitate the establishment and management of cost objectives, cost pools or cost allocation plans. The PAY1 system provides some limited capability for labor distribution. The Time Management System (TMS) provides timesheets and other effective tools to accomplish labor distribution.

A cost accounting requirements report produced by Price Waterhouse in 1989 concluded that there was insufficient justification for a statewide labor distribution system. Additionally, the 1989 study concluded that education and the use of microcomputer-based spreadsheets were the most cost-effective ways to improve cost accounting capability. Today, eleven years later, business requirements and technology may prompt an update of the 1989 report.

h. Treasury management

Currently, the Office of State Treasurer (OST) uses AFRS, its own Treasury Accounting System (TAS), and manual procedures to manage cash, investments, and state bonded debt. The OST also handles the issue and redemption of warrants and maintains warrant records. The OST currently has underway a multi-year Treasury Management System (TMS) project. This phased, modular development will be well integrated with AFRS and provide greatly increased capacity for the performance of treasury management business functions.

3. Issues Identified

The following are the more significant issues identified from the information architecture project survey instrument and during the project's focus group sessions. Suggestions are also presented for how these issues might be addressed.

a. Payables system automation

The current systems provide fragmented and incomplete payables management information. Many users have requested workflow integration with the purchasing process. There seems to be a desire to schedule recurring and other payments for future execution by the system. The current processes use vendor files that are unique to each agency. The EFT process uses a statewide vendor file maintained by OFM. Much of the information contained in the agency vendor files is optional and subjected only to superficial edits.

Benefit: Costs, in both time and money, could be eliminated if the purchasing process and the payment process were integrated. This would need to include workflow routing and would necessitate a move towards a single statewide vendor file. Better payables and cash management could result from the ability to schedule payments into the future.

Suggestion: Move toward the use of a single statewide vendor file. This could eliminate unnecessary duplication, both in the storage and maintenance of these records. The payables management function would benefit from being "uncoupled" from the general ledger process.

b. Chart of Accounts

A research project is required to determine the amount expended on an activity that crosses agency lines. Agencies frequently have difficulty reconciling the way they are budgeted and the way they are managed. Performance measures are often not linked to the agency chart of accounts. Revenues and expenditures are not matched in meaningful ways.

Benefit: Aggregation of the effort expended, and results achieved, by multiple agencies for a common objective (e.g. salmon preservation) can result in more effective government programs. The ability to align budget, management, and performance information can enhance government accountability to the public.

Suggestion: Review requirements for cross-agency reporting and agency activity reporting. Design and implement a program coding structure that allows cross-agency reporting and facilitates the preparation of the agency activity report. For the long term, develop an easy-to-use, visual, interactive tool that agency managers can use to manage their chart of accounts.

c. Labor distribution and cost allocation

There is no statewide system to perform non-labor cost allocation. Labor distribution is performed in a limited manner by the PAY1 system.

Benefit: The lack of a robust cost allocation system and the limited capability of PAY1 to perform labor distribution hampers agencies' ability to perform "full cost of service" analysis. Full allocation of costs can improve government decision making.

Suggestion: A labor distribution system (LDS) could be designed and positioned between the payroll system and the accounting system. The LDS would allow managers to determine how payroll should be distributed to the accounting system. It would then receive payroll information from the payroll system, perform the desired distribution and pass the transactions to the accounting system. The LDS would contain information at the individual employee level and pass more summary information to the accounting system. Another module could be designed to address the allocation of non-labor costs. This module should facilitate reporting of cost accounting information without dramatically increasing the detailed information contained in the accounting system.

d. Grant/project management

The current systems provide reasonable capability for coding budget and actual grant/project transactions. However, they don't allow for the collection and management of grant applications, regulations, matching requirements, funding sources, etc.

Benefit: Timely monitoring and management of grants can improve program outcomes and prevent over expenditures and other audit exceptions.

Suggestion: A grant/project management and reporting system could be designed to interact with the chart of accounts and the accounting data stores. This would allow managers flexible reporting based on grant/project attributes.

e. CAFR process

The current CAFR preparation method requires significant manual intervention. Determining which disclosure forms are required by each agency, sending them out and collecting some of them manually is inefficient.

Benefit: Agencies can provide needed information more efficiently if they are constantly updated on what is required and the status of their transmissions. Allowing documents to be digitally signed by agency directors would enable the conversion of many paper records to electronic format.

Suggestion: A web-based system that facilitates communication and tracks form submission and current status of requirements would facilitate management of this process for both OFM and the agencies.

f. Revenue and expenditure matching

Current accounting policy requires that revenue be tracked/coded at the fund and source level. The use of dedicated funds and public expectations of government accountability imply a more rigorous matching of revenues with the expenditures they support. This situation can become particularly acute when a dedicated revenue source does not grow as rapidly as the demand for services.

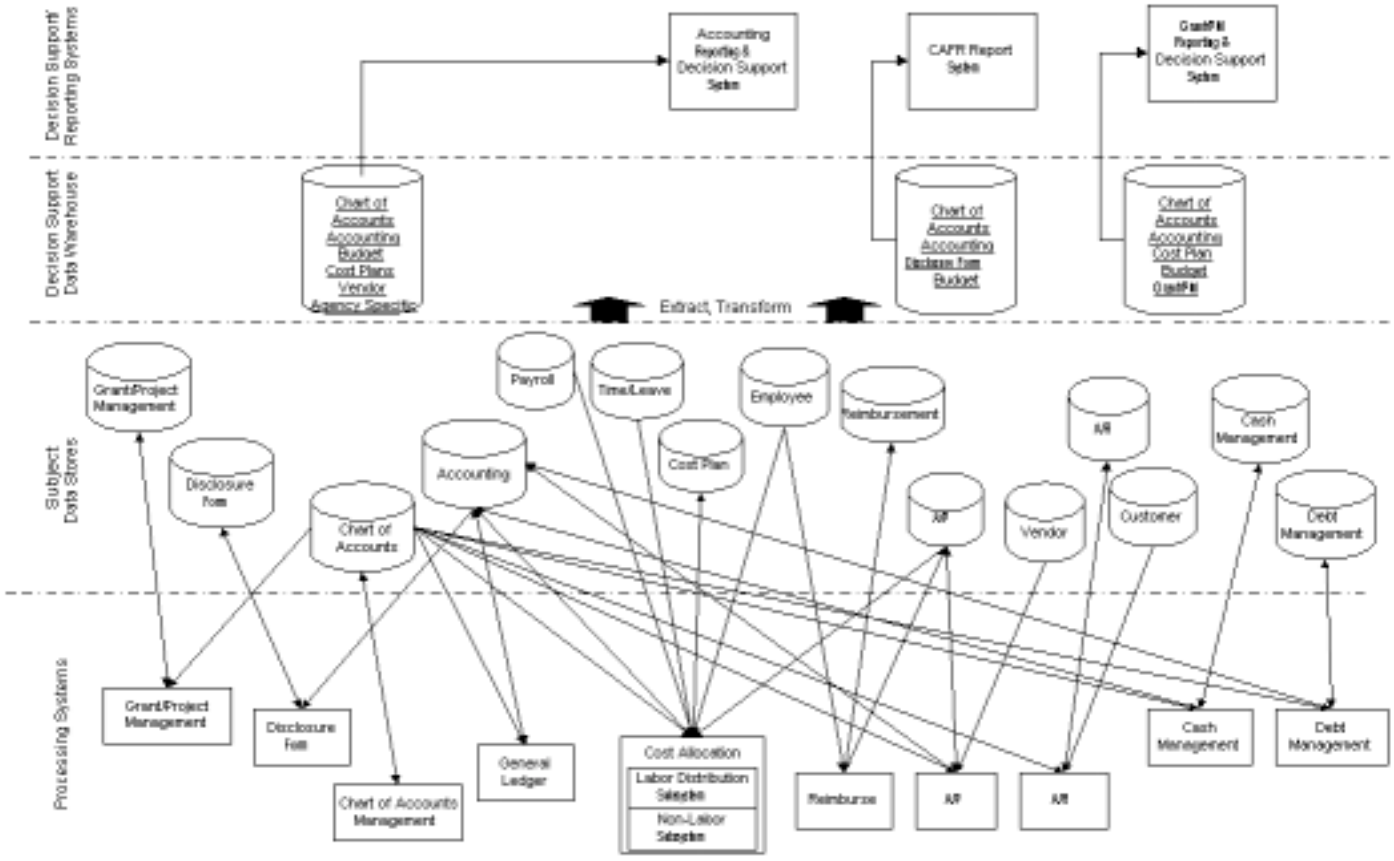
Benefit: Better matching of revenues and expenditures can improve public perception. Budgeting and accounting for revenues at a program level can provide managers with better information for more effective management.

Suggestion: Determine where it is appropriate to track/code revenue at the program/sub-program level. Amend the state accounting policy to require the appropriate level of coding and modify the accounting system to enforce the accounting policy.

4. Blueprint Model Discussion

The blueprint applications model for accounting systems depicts, at a high level, the definitions of generic systems and data stores used to support the primary business functions identified for accounting in the business model. This is illustrated in Exhibit IV-4.

Exhibit IV-4: Accounting System



Some of the key points associated with the accounting blueprint model include:

- **Transaction processing versus decision support**

  The blueprint makes a clear distinction between those systems that process and store transactions and those designed for decision support. All of the decision support applications proposed are designed to utilize composite data stores created from the processing system data stores. This is expected to allow greater flexibility in building, modifying, and maintaining decision support applications.

- **Single accounting data store**

  There is one common accounting data store that is used by all of the accounting systems defined. This represents a single source where accounting data is defined, created and shared among the different systems. Extracts from this data store would be used in the decision support system used for reporting.

  Benefit: Redundant data could be eliminated, and better data accuracy and consistency could be maintained.

- **Single vendor data store**

  There is one common store of vendor information. This information is used for shopping, ordering, paying, and thus is utilized by both the accounting and purchasing business functions.

  Benefit: Redundant data could be eliminated, and better data accuracy and consistency could be maintained.

- **Single employee data store**

  There is one common store of employee information. While this is primarily a part of the human resources business function, it is essential to and used heavily by the accounting business function. This data store is the foundation for re-useable work flow tools that reduce cycle time and the cost of many different activities.

  Benefit: Redundant data could be eliminated, and better data accuracy and consistency could be maintained. This would also enable the use of common work flow tools that can help reduce cycle time and cost.

The following is a detailed description of the systems in the blueprint applications model for accounting, organized by the major accounting functions from the business model.

a. GL accounting

Disclosure form system. This is a combination routing/entry/transmittal system that is digital signature enabled. Based on GL information, prior years' transmittal forms, and CAFR team intervention, agencies are assigned their list of CAFR transmittal forms. The system could present those forms partially filled out (based on GL extracted data). Agencies should also have access to prior year forms. They would complete the forms, digitally sign them where required, and transmit them to the CAFR team.

b. CAFR preparation

CAFR accounting decision support reporting system. This system would access the disclosure form, accounting, budget and chart of accounts data stores. The primary purpose would be to prepare financial statements, notes and schedules and to view pro-forma statements to evaluate proposed financial reporting changes.

c. Payables and reimbursements accounting

Accounts payable management system. This system would provide a set of tools for managing the payable process. Aging of accounts payable, staging and scheduling of payments, recurring payments, and reporting on payments by vendor, type, etc. should be supported. The user focus should be on authorizing and approving payments and the system should select the most efficient method and timing for executing the payments.

Reimbursement system. Travel and other reimbursements would be handled by this process. The system would enforce basic reimbursement rules, provide work-flow routing and approval, and result in payments being processed by the payables system and recorded in the accounting data store.

d. Grant and project accounting

Grant/project management system. This is a system in which grant/project information is captured and maintained. The information would include such things as the grantor, time period, matching requirements, state manager, pass through information, accounting coding structure, etc.

Grant/project decision support reporting system. The primary use would be to provide management with reporting based on grant/project attributes. The application would utilize the grant project, cost plan, chart of accounts, budget, and accounting data stores.

e. Cost accounting

Chart of accounts management system. Currently, an agency maintains their chart of accounts through the table maintenance subsystem of AFRS. While this process provides significant flexibility and power, it does not facilitate an understanding of the relationship between agency business organization and budgetary structure. The user interface should probably be at least partly visual to promote an understanding of how the agency chart of accounts is related to the business management organization.

Cost allocation system. This system would contain two subsystems, labor cost distribution and non-labor cost distribution. The cost distribution modules would receive information from the payroll data store, the time leave data store, the accounts payable data store, and the employee data store. User provided information in the cost plan data store would be the basis for creating accounting entries and preparing cost accounting reports.

f. Treasury management

Accounting decision support reporting system. This system would provide flexible management reporting. The data store would be built from the raw accounting transaction data store. The application would also access information contained in the budget, agency specific, chart of accounts, vendor, and cost plan data stores.

C. Budgeting

1. Introduction

The budgeting systems/applications are responsible for supporting the following budgeting functions from the business model.

a. Budget preparation

Analysis and preparation of budget proposals for the agency and the governor, and review and adoption of the budget by the legislature.

b. Budget implementation

Recording of appropriations and creation of spending plans and their review and adoption as allotments.

c. Budget monitoring and evaluation

Monitoring of budget versus actual, and tracking and analysis of performance. Analysis to evaluate effectiveness and compliance with budget intent.

2. Current Applications

The following describes how the current applications are used to support the budgeting functions from the business model.

a. Budget preparation

Agencies typically use their own set of historical analysis and forecast/estimating tools in combination with their objectives and goals to develop their initial inputs into the budget development process. A number of applications are then used to develop and transfer the agency's budget to OFM. These "agency-centric" applications include Budget Preparation Systems 1 and 2, (BPS1, BPS2), Capital Project System (CPS), and various modules in the Budget Allotment Support System (BASS) family – Budget Development System (BDS), Revenue Estimate System (RES), and Performance Measure Tracking System (PMTES).

There are also a number of separate applications that are used by OFM/governor and the legislature to develop more summarized views and different versions of the budget – WinSum, RevSum, BuildSum, SalWage, and the Legislative Reporting System. This second set of applications typically obtain their initial data from the first set of applications that are used by the agencies. The Version Reporting System (BASS/VRS) module also provides visibility to the different versions of budgets as they move through the review and approval process.

The current applications in the budget preparation process have usually been created on an application-by-application basis to support different types or elements of the budget. For instance, CPS and BuildSum support capital budget development, BASS/RES and RevSum support revenue estimates, etc.

For the most part, the current applications in the budget preparation area are implemented in a client-server architecture. The BASS family of applications that are used for agency budget development share a user interface that has a common look and feel.

b. Budget implementation

Appropriations from final budget bills are entered as accounting transactions into AFRS. The Expenditure Authority System (EAS) application is also used to maintain the appropriation authority and distribute appropriation schedule reports to agencies. Agencies use either the Allotment Preparation System (APS) or The

Allotment Preparation System (TAPS) applications to prepare their allotment data and release it to OFM for review and approval. OFM uses the Office of Financial Management Allotment Review System (OFMARS) application to approve or reject the agency allotments. Approved allotments are eventually entered as accounting transactions in AFRS.

Most of these applications are implemented on the mainframe, although it is planned that the APS/TAPS application will be converted to client-server and become a part of the BASS application family.

c. Budget monitoring and evaluation

A number of current applications provide some portion of the functionality required to perform budget monitoring and evaluation. Data from AFRS that is extracted into the AFRS Data Distribution System (ADDS) and FastTrack applications can be used to monitor actual versus budget data. The Executive Monitoring System (Execmon) application provides a variety of reports that disseminate information with respect to expenditure, revenue comparisons and trends. The BASS/PMTES application is used to report an agency's achievements with respect to performance measures in a consistent format. Activity reports are also generated to report on an agency's performance.

3. Issues Identified

The following are the more significant issues identified from the information architecture project survey instrument and during the project's focus groups sessions. Suggestions are also presented for how these issues might be addressed.

- **Fiscal note system automation**. There is no current automated system that allows for the development, tracking and distribution of fiscal notes as part of the budget preparation function.

  Benefit: There may be an increase in efficiency if an automated system were to replace the current manual and hard copy processes.

  Suggestion: This new capability could be developed as a new application/module in the BASS family of applications.

- **Budget intent**. The current budget development systems do not capture and track budget intent information ("unwritten provisos").

  Benefit**:** Tracking this information would support budget monitoring, ensuring that funds are spent according to their original purposes.

Suggestion: The budget development applications could be modified to capture this information. Budget implementation and monitoring/evaluation applications would also need access to this information.

- **Base budget composition**. The current budget development applications do not show the composition of an agency's base budget. Visibility from outside the agency to this level of budget detail has been requested.

  Benefit: There could be better understanding of how the agency is spending the majority of its funds; those in its based budget.

  Suggestion: Analysis would be required to determine the methodology for breaking down the base budget and to what level. Analysis would be required to determine how these capabilities would be addressed by the existing system or any new budget systems.

- **Performance measurement capabilities**. The current performance measurement application, BASS/PMTES, is primarily a data entry and reporting tool. Agencies enter their performance measures and results directly into the application from their own calculations. As more agencies move toward performance-based management and the use of performance measures and unit costs, additional tools and integration are required to automate performance measurement tracking.

  Benefit: Better performance information could be developed, improving budget and policy decisions.

  Suggestion: Analysis would be required to determine how performance measures relate to cost objects and how the measures should be defined. Where in the financial systems (budget and accounting) should performance measure data reside? Will a more rigid or standard chart of accounts be required in order to implement? It is also assumed that capabilities provided by a new statewide cost allocation system would facilitate the development of these performance measurement capabilities.

- **Activity reporting capabilities**. Better tools to manage and automate activities are also needed.

  Benefit: There could be a better understanding of how agencies are spending their funds and improved efficiency in preparation of activity reports.

  Suggestion: Analysis would be required to determine how activities can be defined and managed in a more automated fashion across the financial systems (budget and accounting). Restructuring of an agency's chart of accounts may also facilitate activity management.

- **Further consolidation of budget development and implementation systems**. There is currently a planned migration of the older budget development (BPS2, etc.) and implementation (APS, TAPS) applications used by the agencies to the

BASS family, where all will have a common user interface. There may be an opportunity for further efficiency gains by continued consolidation of the budget development systems, including those used by the OFM and the legislature.

One approach might be to have a common budget data store that is used by all applications instead of transferring data between the various applications into their own databases. Similar user interfaces might be developed across the applications.

Benefit: Increased efficiency could result if all users (agency, OFM, legislature) use the same source data, with potentially the same set of tools and a similar user interface for budget development.

Suggestion: Analysis would need to be done to determine if efficiencies would indeed be realized, followed by the development of requirements and plans to further integrate the budget development applications.

- **Better tools for monitoring and evaluation**. The current set of tools that can be used for budget monitoring and evaluation include FastTrack, ADDS, AFRS, and Execmon. There is a need for more extensive capabilities and tools that are easier to use in this area. It was also noted that these tools should be made available to a wider range of users, including the legislature.

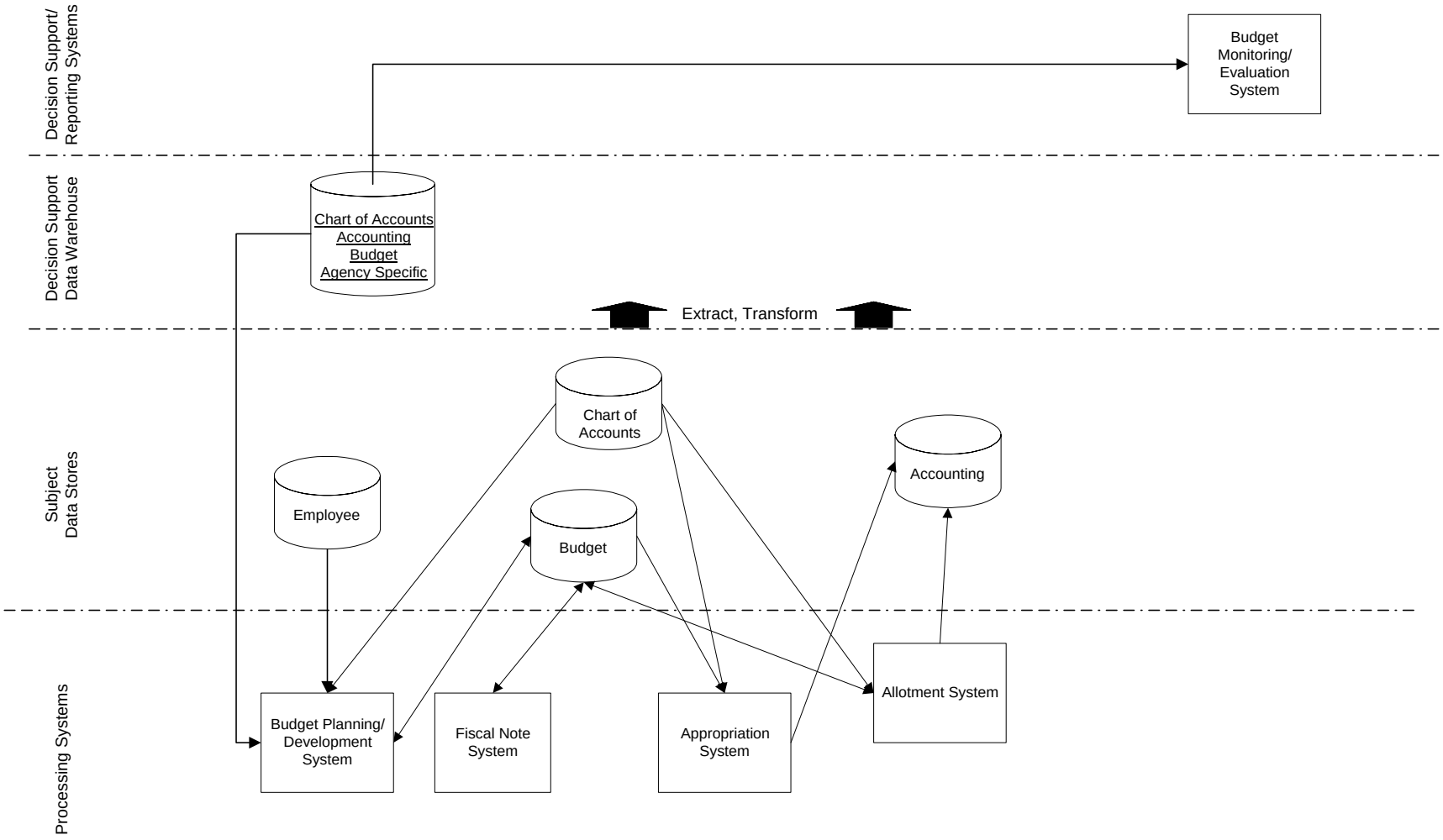
  Benefit: This would provide tools with more capabilities and built for a larger audience of users would be provided. This could result in better accountability and analysis of agency expectations.

  Suggestion: A number of potential solutions have been suggested that would help to address this issue including 1) providing better training on the existing applications available, 2) restructuring an agency's chart of accounts to better accommodate reporting needs, 3) expanding the existing warehouse (FastTrack) of accounting/financial data to include data from other systems as well (i.e. more budget data, agency specific data, etc.).

4. Blueprint Model Discussion

The blueprint applications model for budgeting systems depicts, at a high level, the definitions of generic systems and data stores used to support the primary business functions identified for budgeting in the business model. This is illustrated in Exhibit IV-5.

Exhibit IV-5: Budget Blueprint Model



Some of the key points associated with the budget blueprint model include:

- **Single budget data store**. There is one common budget data store that is used by all of the budgeting systems defined. This represents a single source where budget data is defined, created and shared among the different budget systems. Extracts from this data store would also be used in the decision support system used for budget monitoring and evaluation.

  Benefit: Redundant data would be eliminated, and better data accuracy and consistency could be maintained.

- **New fiscal notes system**. A new system to automate the fiscal notes has been defined.

  Benefit: Fiscal notes processing would be automated.

- **More data for monitoring/evaluation decision support**. The model shows a decision support data warehouse that contains data from other data stores, beyond what is currently offered (accounting data only). Including data from the budget data store (for instance "budget intent"), as well as agency specific data, would enhance the functionality provided by a decision support system for budget monitoring and evaluation.

  Benefit: Greater accountability and oversight would be supported.

- **Framework to add more budget capabilities**. A single budget data store and a smaller number of systems associated with the budget process (especially in the planning and development area) would conceivably make it less complex to add some of the features/enhancements requested with respect to the budget function, i.e. more performance measurement capabilities.

  Benefit: There would be more functionality across the budgeting system, leading to better analysis and decisions.

The following is a detailed description of the systems in the blueprint applications model for budgeting, organized by the major budget functions from the business model.

a. Budget preparation

- **Budget development system**. This is the system through which the budget is defined, submitted and reviewed.

  It may include a set of "front-end" tools that assist in analysis and planning prior to budget development. This would include forecasting tools – revenue estimates and budget drivers, objectives/goals/performance measures, and historical, financial and budget data. It may also include some statistical analysis.

All parties associated with budget development including agencies, OFM/governor and the legislature would use the development system. All users associated with budget development would be using the same tool, but different views would be available per type of user. The agency would have more detailed information and the other users would have summary and roll-up views. In addition, the system would handle the different types of budget, capital and operating (revenue, expenditure, salary) and would track the various budget versions. The system would create and manage the data in the budget data store. When a budget is adopted, information in budget data store would subsequently be used by budget implementation systems.

Users include the agency, OFM/governor, legislature. Visibility to the different budget versions could be provided to the public.

- **Fiscal note system**. This is a system that automates the processes associated with agency fiscal note development, and with legislative review and amendment to the note. Fiscal note information would also reside in the budget data store.

  Users include the agency users responsible for developing the note, along with the legislature.

b. Budget implementation

- **Appropriation system**. This is a system that creates top level appropriations from final budget bills and information in the budget data store for input into the accounting data store. Agencies break down their appropriations into their program structure and also input this data into the accounting data store.

  Users include OFM and the agencies.

- **Allotment system**. This is a system through which the month-by-month revenue and spending plan is defined, submitted and reviewed. It uses data from and creates new data ("allotment" data) in the budget data store. Once allotments are finalized, OFM and the agencies use the system to create official agency allotments in the accounting data store and agencies create internal agency level allotments in the accounting data store.

  Users include OFM and the agencies.

c. Budget monitoring and evaluation

- **Budget monitoring/evaluation system**. This is a decision support system that includes the tools for reporting planned versus actual (monitoring), and end of period achievement versus goals (evaluation). It includes the automation of quarterly variance reporting. The system is accessible to a

variety of potential users, such as agencies, OFM, legislature, the public, and has different levels/views per user type and role. Information for the system comes from a decision support data warehouse that includes data from various subject databases, such as accounting/financial, budget, personnel, other agency specific databases.

Users include agencies, OFM, legislature and the public.

D. Human Resources

1. Introduction

The human resources applications support the following human resources functions from the business model.

a. Payroll preparation

Management of the employee deductions for taxes, pensions, deferred compensation, healthcare, etc. Collection of employee time/leave information and the calculation of employee's payroll information, including the compensation and benefits per the employee's job classification. Management of the employee's leave. Issue of payroll warrants to employees.

b. Personnel management

Manage all information about employees including personal information, employment history, training, and other career information. Manage the state compensation plan, job classification plan and state merit system rules. Manage the recruitment and hiring process consistent with state personnel rules.

2. Current Applications

The following describes how the current applications are used to support the human resources functions from the business model.

a. Payroll preparation

The personnel/payroll system calculates payroll for approximately 120 state agencies, creating over 60,000 employee payments twice a month. It also includes a savings bond tracking and purchase subsystem to manage deductions, as well as a subsystem for leave and attendance tracking. A number of other systems are also used to manage benefits. These include the deferred compensation system, which collects and processes deferred compensation contracts authorizing deferrals into specific investment funds and also calculates

and applies earnings to participant accounts; and the insurance eligibility and reporting system, which maintains the medical, dental, life, long-term disability and auto/home insurance for employees. All of these systems are located on the Department of Information Services (DIS) mainframe.

OFM manages the time management system, which facilitates time collection and has an automated interface to the personnel/payroll system, but is used by fewer than ten agencies. Many agencies have developed their own internal time collection system that eventually provides the data feed to into the central personnel/payroll system.

The human resources data warehouse, a client-server system whose data is derived from the central personnel/payroll system, provides agency payroll staff with access to payroll and personnel data using ad hoc or customized SQL queries or canned reports using the web.

b. Personnel management

The personnel/payroll system is used to manage personnel information about employees. The automated register management system collects employment applications in order to build employment registers that are used in the hiring and recruitment process. The human resources development information system is a repository of training taken by employees. These systems are also located on the DIS mainframe.

The human resources data warehouse also provides agency Personnel staff with access to Personnel (and Payroll) data using ad hoc or customized SQL queries or canned reports using the web.

3. Issues Identified

The following are the more significant issues identified from the information architecture project survey instrument and during the project's focus groups sessions. Suggestions are also presented for how these issues might be addressed.

- **No statewide time and leave collection and reporting system**. There is no statewide generic automated system providing all the functionality needed for time and leave entry. A system should provide data for both payroll and labor distribution required for cost accounting.

  Benefit: Having a single state wide system would allow for consistent data for payroll and labor distribution functions. Efficiencies would be gained by the elimination of all of the various timekeeping systems that are currently being maintained (and developed) across the state.

Suggestion: Assess feasibility and determine requirements for new automated system.

- **Limited access to human resources information**. Access to employee information is normally limited to personnel staff. Providing systems that allow employees to access and maintain information that is important to them, such as address, phone number, spouse and dependents' information, will increase data accuracy and reduce the time and work required to use the current processes. Providing systems with such access will enable supervisors and managers to make informed human resource decisions. This type of access requires security strategies and structures that define private and public data, and that ensure only authorized users have access.

  Benefit: Allowing employees to update their own records would provide more accurate data. It also could improve efficiency over having employees provide data that must be keyed into a system by a data entry clerk. Better tools and access for more users would allow better personnel decisions to be made by supervisors and managers.

  Suggestion: Ongoing analysis and requirements definition to add these capabilities to existing systems or in any new systems. Investigate allowing access to portions of human resources data warehouse by non-personnel and payroll staff.

- **Current personnel/payroll system difficult to maintain.** The current personnel/payroll system is an old mainframe application that is difficult to modify in order to meet changing requirements and business needs. Collective Bargaining and Civil Service Reform are both possible future initiatives that would make modifications to the current system difficult and time consuming. A Human Resource Information System Feasibility Study conducted in 1994 documented the issues and recommended that a new system be obtained.

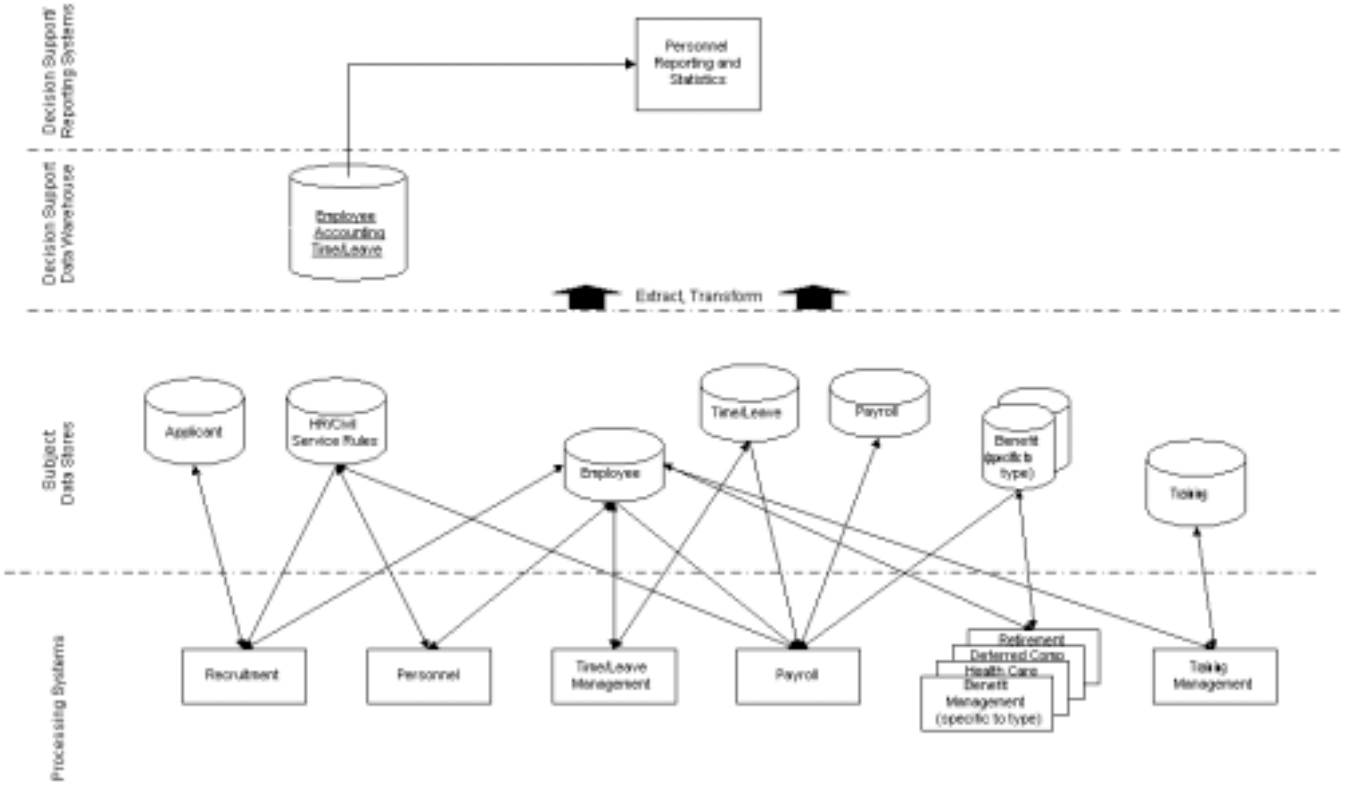
  Benefit**:** A new system would provide many benefits as documented in the feasibility study – enhance the capabilities of customers, increase operational efficiencies, etc.

  Suggestion: Keeping the personnel and payroll applications functionally separate, but integrated, will make future enhancements to either application less problematic.

4. Blueprint Model Discussion

The blueprint applications model for human resource systems depicts, at a high level, the definitions of generic systems and data stores used to support the primary business functions identified for human resources in the business model. This is illustrated in Exhibit IV-6.

Exhibit IV-6: Human Resources Blueprint Model



Some of the key points associated with the human resources blueprint model include:

- **Single employee data store**. There is one common employee data store that is used by all of the human resource systems defined. Note that this data store would also be used by other systems throughout the enterprise requiring employee information. This represents a single source where employee data is defined, created and shared among the different human resource subsystems, along with budgeting, accounting and materials management systems.

  Benefit: Eliminating redundant data provides better data accuracy and consistency, as well as lower data storage and handling costs.

- **New time/leave management system**. A new statewide system to automate the time and leave management, including the collecting and approval of employee timesheets, has been defined.

  Benefit: Replacing the eight to ten different systems that have been created by various agencies (or are in the process of being created) with a common application would provide consistent data for payroll and labor distribution functions and eliminate costs.

- **Separate systems for payroll and personnel**. The current personnel/payroll system is a single system that provides both functions. The model breaks out the systems associated with the human resource business functions into a number of generic human resource systems, each providing a distinct set of functions. These include personnel, payroll, recruitment, time/leave management, training management and a number of systems supporting benefits management.

  Benefit: Breaking up the systems into smaller functions makes it easier to address the system capabilities one at a time.

- **More data for human resource decision support**. The model shows a decision support data warehouse that contains data from other data stores, beyond what is currently offered (human resource data only). Including data from the accounting data store and from the time/leave data store (and perhaps others, like budget), would enhance the functionality provided by a decision support system for personnel reporting and statistical analysis.

  Benefit: There would be more comprehensive information in personnel decision support available to provide more informed decision making.

The following is a detailed description of the systems in the blueprint applications model for human resources, organized by the major human resource functions from the business model.

a. Payroll preparation

- **Time/leave management system**. This is the system in which all state employees would enter time and leave information (timesheets and/or leave slips), and have their leave approved by their supervisors. This information would include what programs, organizations or projects the employee is charging time against. Data from the system would be collected and used by the payroll system as well as a labor distribution system to support cost accounting functions and the decision support system.
- **Payroll system**. This is a system that takes time/leave, human resources/civil service rules (including job classification and position information), and benefits information to process a payroll warrant for state employees.
- **Benefit management systems.** These multiple systems, each specific to its type of benefit, would enable employees to manage their own benefit packages, such as deferred compensation, insurance/health care and retirement. These systems would allow employees to view and update information pertaining to their current benefit package, enable them to enroll in various benefit plans, and manage other benefit data. They would also provide information to the payroll system for calculating payroll deductions.

b. Personnel management

- **Recruitment system**. This is a system that provides the agency managers, personnel staff and the DOP with the capabilities to manage employee recruitment. Functions would include viewing resumes from current state employees or applicants from outside state service, allow agency managers to start the recruitment process flow, process evaluations and promotions/demotions more efficiently, and provide statewide management of employment registers. The recruiting and hiring practices supported by this system conform to all state personnel and civil service rules.
- **Personnel system**. This is an employee "self-service" system used to manage all data associated with an employee, including employment history, training, performance reviews, and other career information. The system allows employees secure access to their information and provides the tools necessary to update appropriate information, such as change of address or dependent information.
- **Training management system**. This is a system used to manage and track all training classes offered to state employees. It would include training registration for employees.
- **Personnel reporting and statistics system**. This is a decision support system providing the tools for personnel analysis, including workforce trends. Information for the system comes from a decision support data warehouse that includes data from various subject databases – employee, time/leave, accounting, and payroll.

E. Procurement Management

1. Introduction

The procurement management systems/applications are responsible for supporting the following functions from the business model:

a. Procurement

Recording and routing information regarding the purchase of goods or services including initial request and approval; bid solicitation, proposal and evaluation (when required); receipt of goods or services; and request for payment; enforcement of state purchasing and contract requirements; identification of authorized funding source and ensuring that funds are available at the beginning of the purchase process.

b. Contract management

Managing competitive bid requests for both statewide and agency-specific purchases; recording awarded contract amount and terms, and monitoring actual usage of contracts by all agencies, including personal services contracts; tracking problems reported with specific contract or vendor.

c. Inventory/asset management

Recording and tracking the acquisition, ownership, value (cost and depreciation) and disposition of capital and consumable assets; providing information needed to perform periodic physical inventory of assets and to accurately reflect adjusted asset values in accounting records.

2. Current Applications

The following describes how the current applications are used to support the procurement management functions from the business model.

a. Purchasing

There is no statewide application to record and track purchases. At the agency level, much of this work is done using paper purchase orders and field orders, with manual verification that purchasing guidelines are followed. However, GA has an internal purchasing and contract system that supports state procurement activities. It defines commodity types, determines commodity codes, inventory, supplier information, contracts, and supplier contracts.

GA, in cooperation with OFM, is currently developing a statewide system to log purchases. Their vision is for this Ultimate Purchasing System (UPS) to record and track purchases from the initial request to purchase through the initiation of a payment.

b. Capital asset management (CAMS)

The Capital Asset Management System (CAMS) is an optional system that provides for the control, accounting and reporting of agency-fixed assets and capital leases. It also provides a limited interface of asset records from AFRS. All information entering CAMS is compiled in concert with OFM directives and provides the basis for statewide consolidation of fixed asset information sued to prepare state financial statements. CAMS is currently used by 86 agencies.

c. Surplus property

GA has a small internal system that tracks surplus inventory items for state agencies. Agencies fill out an A267A form to identify surplus items. GA enters the information into the system. After an item is sold, information from the system is used to credit the agency based on a pre-defined percentage amount.

d. Statewide asset reporting

The Statewide Asset Reporting System (SARS) provides high level data to OFM, the legislature and the Governor's Office for information and decision-making purposes. SARS contains basic information such as historical cost, depreciation amount and quantity of assets by classification code within each fund type. Agencies are required to provide summary level information to SARS either through CAMS or by interfacing information from agency-specific systems.

3. Issues Identified

The following are the more significant issues identified from the information architecture project survey instrument and during the project's focus group sessions. Suggestions are also presented for how these issues might be addressed.

- **Integration among systems.** Users would like to see a purchasing system that is integrated with vendor bid tracking, accounts payable, inventory (from acquisition through disposition) and other financial systems. The current systems are mainly stand-alone applications causing a great deal of duplication and requiring users to look in several systems (CAMS, DRS, internal systems) to retrieve information about purchases.

  Benefit: Considerable time and cost savings could accumulate by providing integrated systems with built-in workflow. Cycle time of purchases, as well as duplicate keying and storing of information, could be greatly reduced.

  Suggestion: The new UPS is moving toward the idea of an integrated system. It will enforce certain purchasing regulations and contract requirements. In addition to UPS, a contract management system and a request for proposal subsystem that feed information to UPS are recommended.

- **Standardization of statutes, terminology and functions.** Users would like contract terminology, process flow and requirements to be standardized. Currently, there are special purchase statutes and exemptions given to certain agencies. Standardization would improve the flow and functionality of the procurement lifecycle and reduce the complexity of purchasing requirements.

  Benefit: By requiring all state agencies to operate under the same purchasing regulations, the state leverages its buying power and presents a common face to

vendors. In addition, employees develop transferable skills when working with common systems and standardized requirements.

Suggestion: These types of issues are best addressed not by systems, but by policy changes. A business process analysis could be done to determine opportunities for standardization. Amend current purchasing regulations to eliminate exceptions and assign the responsibility of creating standards to the appropriate agency.

- **Increased automation.** Agencies are interested in having access to simple tools they could use to query contract information and confirm contract terms and prices. Users would also like automated edits in a purchasing system to enforce certain basic purchasing rules.

  Benefit: Considerable time and cost savings could accumulate by providing end-users the tools they need to assess contract availability and review prices and other information.

  Suggestion: Include search tools and built-in edits in UPS.

- **Sharing information on contracts for services.** Users noted that there is a need for better communication, both within an agency and among agencies, regarding the availability of contracts for various services. Time is often wasted researching and negotiating with vendors when an existing contract could have been utilized. The state does not benefit from high-volume discounts when multiple agencies negotiate for similar services.

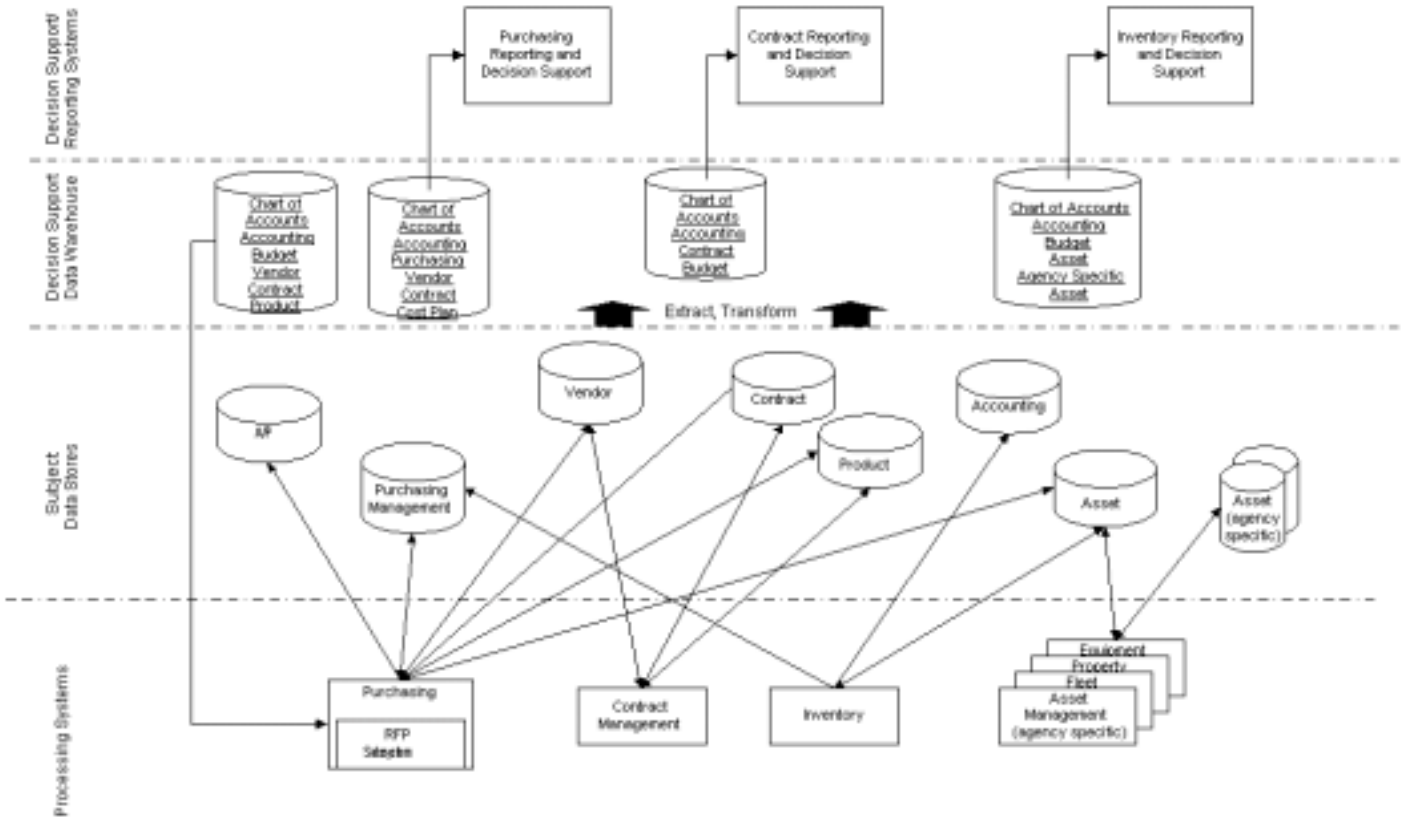
  Benefit: By contracting as much as possible on a statewide basis, agencies can take advantage of volume discounts. By storing information about contract usage, agencies would be better to gain discounts when negotiating contracts.

  Suggestion: Develop a contract management system that would contain all purchasing contract information for goods and services. The system should include user-friendly search tools so users could browse for existing contracts based on vendor name, type of goods or services, and so forth.

4. Blueprint Model Discussion

The blueprint applications model for procurement management systems depicts, at a high level, the definitions of generic systems and data stores used to support the primary business functions identified for procurement management in the business model. This is shown in Exhibit IV-7. The blueprint makes a clear distinction between those systems that process or store transactions and those designed for decision support. All of the decision support applications proposed are designed to utilize composite data stores created from the processing system data stores. This is expected to allow greater flexibility in building, modifying, and maintaining decision support applications.

Exhibit IV-7: Procurement Management



Some of the key points associated with the procurement management blueprint model include:

- **Purchasing system integration with vendor and accounts payable data stores.** By linking the purchasing system with common data stores, information can flow smoothly from the purchasing process into the accounts payable and inventory systems. Information would be available from beginning (purchase request) to end (disposition of asset).
- **Purchasing automation.** Automating the work flow, along with rules for specific purchases, would eliminate some of the manual review and delays experienced in the current system. An automated purchasing system would enable users to store templates for frequently ordered items to accommodate re-ordering.

- **Contracts for services included along with the contracts for goods.** Including contracts for purchased services fills a void in the current system. Storing this information in one central system provides much better information for agencies and eliminates the need to duplicate research and negotiation efforts.

The following is a description of the systems in the blueprint applications model for procurement management, organized by the major functions from the business model.

a. Procurement

- **Purchasing system.** This system would store information starting with the purchase request and approval and continuing through to receipt of goods or services and initiation of an accounts payable transaction. The system would have built-in edits that would enforce certain purchasing rules. All types of products would be included in the purchasing system, such as consumables, services and information technology. The purchasing system would be well integrated with the inventory and contract management systems and would utilize central data stores such as vendor, contract and product.
- **Purchasing and contract decision support and reporting system.** This system would provide information on purchasing at an agency or statewide level with the ability to limit information by vendor, contract, commodity code or other elements. Information from this system would assist buyers in negotiating contracts and discounted prices based on statewide volumes. It would also allow individual agencies to monitor purchasing patterns and relate purchasing to accounting information.

b. Contract management

- **Contract management system.** This system would store contract information such as terms and conditions, contract time period and vendor information. It would provide easy, on-line access to all contract information for purchasing goods and services, including agency specific contracts. The system would also be used by agencies to register and review comments (complaints or praise) regarding specific contracts or vendors. The information stored would be used by the OSP or by agencies when issuing or renewing contracts.

c. Inventory and asset management

- **Inventory system.** This system would accommodate consumable and capital assets, and allow for infrastructure reporting, applying the appropriate rules according to the type of asset. It would be integrated with other statewide systems and data stores to facilitate re-ordering of

consumables and updating accounting records for disposals. There would be a common interface from agency-specific asset management systems to the statewide inventory system.

- **Inventory reporting and decision support system.** This system would provide information on consumable and capital assets at an agency or statewide level. Information from this system could be used for completing physical inventories, and for planning and budgeting purposes. It could also be used for higher level reporting to management, the legislature and the public.

- **Asset management system (agency specific).** Agencies responsible for managing certain types of assets, such as vehicle fleets and buildings, would usually maintain their own asset management systems. These systems would be tailored to the requirements of the type of asset being managed. For example, a vehicle fleet system may contain maintenance records and schedules for each vehicle in addition to the usual asset information (cost, acquisition, ownership, etc.). These systems would feed basic information to the common asset data store so complete state asset information would be available.

V. Implementation Plan

■

A. Introduction

This section of the Blueprint identifies and defines the projects that constitute the Implementation Plan.

The Blueprint project identification process was based on compliance with the Governor's objectives as articulated in "Washington State Priorities", dated 06/07/00. Included along with education, economic vitality, the environment, and public safety and health, is restoring trust in government by making state government credible and trustworthy in the eyes of residents through innovation, effectiveness, efficiency, and customer service. Specific goals of the Administration include:

- Improved quality.
- Enhanced customer service.
- Efficiency gains.
- Alternative access to information and transactions.
- Cost savings.

All twenty-eight projects resulting from the Blueprint analysis are directly focused on implementing the Governor's objectives.

- **All will improve quality**. Better policy and management decisions via data availability and accessibility, improved data accuracy through elimination of data re-keying and synchronization, etc.
- **All will improve customer service.** Streamlined business processes, full-featured applications, easy to learn system interfaces, etc.
- **Most will provide efficiencies**. Fewer systems, fewer databases, easier to maintain applications, etc.
- **Many will provide web-based transactions and/or data access**. Electronic forms, customer "self-service" applications, etc.
- **Some will reduce costs, and some will increase costs**. Increasing services generally increases costs. Reducing costs generally reduces services. It is a rare project, indeed, that both increases services and reduces costs immediately upon implementation.

The projects are presented in five groups based on the functional business area the project supports:

- Cross-Functional.
- Accounting.
- Budget.
- Procurement Management.
- Human Resources.

Project definitions include a description, priority, owner, explanation of how the project aligns with the Blueprint strategy, identification of the project's tasks, benefits and customers, and a resource estimate.

The priority of each project is identified as one of the following:

Underway – Project has already been started.

1 – Mandatory, must have it now.

2 – Important, will need it soon.

3 – Needed, but longer-term.

The projects and a proposed implementation schedule are presented in Exhibit V-1 on the following page. The execution of these projects will enable the State of Washington to move towards the goals of the Blueprint for Statewide Financial Systems.

Exhibit V-1: Implementation Plan Schedule

Functional Area/Project	Priority	Prerequisites	2000			2001				2002				2003			
			2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Cross-Functional:																	
Governance, Management and Communication	u																
Financial Academy	u																
Financial Reporting Improvement Project (FRIP)	u																
Enterprise Data Architecture	1																
Enterprise Reporting	1																
Chart of Accounts Review	3																
Accounting:																	
Activity Based Costing Pilot	1																
Assess Core Financial Systems	1																
Common Statewide Vendor Data Store	2																
Non-Labor Cost Allocation/Labor Distribution System	2																
Payables Enhancement	3																
Analyze OFM Accounts Receivable System	3																
Budget:																	
Fiscal Note System	u																
Define Salary Projection System Requirements	1																
Define Allotment System Requirements	1	(Budget data store decision)															
Common Budget Data Store	2	Enterprise Data Architecture															
Common Budget Development/Analysis System	2	Common Budget Data Store															
Activity Reporting Automation	2	ABC Pilot															
Budget Intent Tracking Process	3																
Base Budget Assessment Methodology	3	ABC Pilot															
Integration of PMTES	3	ABC Pilot															
Procurement Management:																	
Purchasing System	u																
Contract/Grant Management System I	u																
Define Contract/Grant Management System II Requirements	1	C/G Management System I															
Procurement Management Business Process Assessment	1																
Consumable/Warehouse Management System	2	Purchasing System															
Asset Management Reporting	3																
Human Resources:																	
Human Resources Systems Options Analysis	1																

– First or only phase – Next phase – Undetermined next phase

u – Underway 1 – Mandatory, must have it now 2 – Important, will need it soon 3 – Needed, but longer term

B. Cross-Functional

1. Governance, Management and Communication

Project Description:

A project of the magnitude of the Blueprint implementation requires an established governance structure with the authority to make project decisions, set priorities and foster compliance with decisions; a management strategy to direct the implementations, manage the resources, and provide continuity; and a communications plan to ensure an informed partnership between the project and its beneficiaries.

Owner/Sponsor:

OFM.

Priority:

1 – Mandatory, must have it now.

Blueprint Strategy Alignment:

Provides the means to direct implementation plan activities toward meeting the objectives of the Blueprint strategy.

Tasks:

- Governance.
  - Develop project charter for implementation at the Blueprint level, but affecting individual projects.
  - Establish Executive Steering Committee schedule and identify need for special steering committee meetings, as necessary.
  - Validate Executive Steering Committee membership and ensure appropriate level of management is involved.
  - Prepare for and conduct Executive Steering Committee meetings.
  - Follow-up on and resolve issues concerning implementation of architecture principles; e.g., resolve systems requests consistent with principles, etc.

- Management.
  - Assign project management responsibility.
  - Assess resource (budget, staffing, etc.) availability vs. implementation plan requirements.
  - Revise project timing and implementation plan consistent with current and future staffing levels.
  - Establish progress-reporting process.
  - Provide oversight to implementations, determine actual progress, identify budget, schedule and performance issues and develop resolutions.
- Communication.
  - Identify target audiences for communications. One approach might be the identification of the decision-making processes affected by the information architecture projects, and inclusion of the decision-makers.
  - Prepare communications materials consisting of brochure summarizing Blueprint results and directions, PowerPoint and other presentation media, text for broadcast email, and targeted materials for special groups such as budget analysts, Governors staff, DIS analysts, etc.
  - Schedule communications events (briefings, meetings, etc.).
  - Provide assistance to decision-makers as they apply information architecture principles; e.g., OFM budget staff, OFM accounting staff, DIS, GA, and DOP.
  - Follow-up on any specific requests for information that result from meetings.
  - Assess and resolve any communications gaps noticed during the conduct of the meetings.

Products:

- Governance
  - Governance strategy.
  - Project charter.
  - Executive Steering Committee schedule.
  - Issue resolution process.
- Management
  - Management strategy.

  - Designated project management responsibility.
  - Resource allocation plan.
  - Progress reporting process.
  - Oversight and review process.
- Communication
  - Communications strategy.
  - Target audience list.
  - Communication materials.
  - Calendar of communications events.
  - Event follow-up process.

Benefits:

- Ensures adherence to the Governor's objectives of improved quality, enhanced customer service, efficiency gains, alternative access to information and transactions, and cost savings, as well as to the Blueprint information architecture principles.
- Ensures that the project can be managed effectively over time, and that implementations occur on time and on budget.
- Ensures all parties understand and support the Blueprint project goals.

Customers:

- Line agency management, fiscal officers, chief information officers, and others.
- OFM management and staff.
- DIS management and staff.
- Governor's office.
- Information Services Board.
- Legislative members and staff (in particular, Ways and Means, Appropriations, and Transportation Committees).

Resources:

Total of 1,600 hours during 2000-2001, allocated as follows:

- Governance: 400 hours.

  - Develop project charter, validate Executive Steering Committee membership, and establish Executive Steering Committee meeting schedule.
  - Conduct Executive Steering Committee meeting and resolution of resulting issues.

- Management: 700 hours.
  - Assign overall management responsibility for the Blueprint implementation plan, create the project teams, revise project timing based on available resources.
  - Provide project oversight and issue resolution, and decision-maker assistance as information architecture principles are applied.

- Communication: 500 hours.
  - Identify target audiences, prepare communications materials, schedule communications events
  - Conduct communications events, respond to specific requests for information that may result, and identify and resolve any communications gaps.

2. Financial Academy

Project Description:

Agencies have not had or are losing individuals at all management and operational levels who understand financial systems and methods. Financial management and staff are in need of additional training.

Owner/Sponsor:

OFM.

Priority:

Underway.

Blueprint Strategy Alignment:

An improved, statewide, financial system architecture requires financially astute human counterparts to achieve the desired level of success.

Tasks/Benefits/Customers/Resources:

This project has been defined, approved and is currently underway. OFM is conducting a training review to determine how to increase the State's human capacity for financial management with the objective of developing a training program focused on correcting the deficiencies the review identifies.

3. Financial Reporting Improvement Project (FRIP)

Project Description:

DSHS has determined their financial reporting architecture is inefficient and has insufficient capabilities to meet their anticipated future needs. Though the data is supplied from the AFRS system to the DSHS systems, many problems occur due to differing architectures among which are the following:

- AFRS transactions need to be converted to fit the DSHS Financial Reporting System (FRS) database structure.
- AFRS, FRS and the DSHS Cost Allocation System (CAS) have different processes to edit and post transactions.
- AFRS, FRS and CAS require reconciliation.
- Data passing AFRS edits and not passing FRS and/or CAS edits result in out-of-balance conditions between systems.

This led to the DSHS Financial Reporting Improvement Project (FRIP), which is currently underway. An approach decision is anticipated by mid-August 2000.

Owner/Sponsor:

OFM, DSHS.

Priority:

Underway.

Blueprint Strategy Alignment:

- Provides the ability to meet DSHS, and potentially other line agency, reporting and cost allocation needs.
- Moves toward statewide systems.
- Eliminates redundant data stores.

Tasks/Benefits/Customers/Resources:

The FRIP project has been defined and approved, and is currently underway. The project is in the evaluation phase after having successfully identified a variety of alternatives for improving DSHS financial reporting. Alternatives include a partnership with OFM to integrate CAS capabilities with AFRS and utilize the existing OFM Fastrack data store for reporting capabilities, thus eliminating all the problems listed in the project description above. The evaluation process must consider Blueprint objective alignment as a fundamental project goal.

4. Enterprise Data Architecture

Project Description:

A statewide data architecture is needed to allow for efficient access to and exchange of data. Many of the State entities' reporting requirements are complex and require information from a variety of sources to meet operational needs and federal disclosure requirements. Meeting current reporting requirements frequently involves significant re-keying of data that are present in other systems. The capability to share required information would greatly reduce staff time in accessing it from multiple systems. Data needs to be defined as statewide or agency specific depending upon its use. Current data reporting tools need to be evaluated and approved or replaced.

The data architecture will provide the foundation for several statewide subject data stores that will be developed including accounting, budget, employee and vendor. These represent a single source where this data is defined, created and shared among the different systems. Extracts from these data stores will be used to build the data warehouses that will be used by all future decision support systems for reporting purposes.

Owner/Sponsor:

OFM.

Priority:

1 – Mandatory, must have it now.

Blueprint Strategy Alignment:

- Provides the vehicle to architect data to address the integrated information architecture.
- Provides the logical design at a conceptual level for subject data stores and data warehouse(s).

Tasks:

- Organize a Data Architecture Subcommittee of the Management Steering Committee to provide leadership and direction to the enterprise information architecture effort. Include representation from throughout the stakeholder community.
- Define the Data Architecture Subcommittee's responsibilities which might include:
  - Compiling and maintaining an inventory of all statewide data.
  - Establishing criteria for how data should be formatted, where it should be located, and who is responsible for stewardship of the data.
  - Based on "Blueprint" objectives, proposing where a given set of data should fit within the statewide enterprise, essentially developing the statewide enterprise data architecture.
  - Developing appropriate standards for data definition and choosing appropriate tools to facilitate the standards.
  - Being an "evangelist" for data administration practices – keeping the information technology professionals and management in the agencies, legislature and other areas apprised and informed of the committee's progress.
- Determine statewide common data subjects.
- Break data subjects into elements.
- Develop methodology to define data as agency specific or statewide.
- Define statewide data subjects and data elements with focus groups.
- Develop a statewide enterprise data model by leveraging the "Blueprint" model.
- Develop statewide data architecture standards.
- Develop a data dictionary with definitions for all statewide data.
- Develop a data dictionary implementation strategy.
- Develop online data index to where data is located, what it is used for, and who owns it.

Products:

- Data architecture strategy.
- Data administration strategy.
- Data architecture standards.

- Data definition standards.
- Statewide data model.
- Statewide data dictionary.
- Data index.

Benefits:

- Enhances customer service by providing greater flexibility in building, modifying, and maintaining financial and administrative decision support applications.
- Provides a foundation for improved quality in governmental policy, management, and operational decisions through improved data organization.
- Introduces efficiencies necessary to meet operational and federal disclosure reporting requirements, and achieves efficiency gains through the elimination of the data re-keying that takes place today.
- Enhances customer service by providing tools with more capabilities, built for a larger audience of users, that could result in better accountability and analysis of agency expectations.

Customers:

OFM, DIS, DOP, GA, and line agency data architects and designers.

Resources:

Total of 2,600 hours allocated as follows:

- Preparation: 100 hours.
  - Define project and designate in-house project team.
  - Create RFP, evaluate responses, and negotiate contract (if necessary).
- Standards and methodology: 300 hours.
  - Establish data formatting criteria.
  - Establish data stewardship criteria.
  - Develop data definition standards.
- Data dictionary: 1,500 hours.
  - Define statewide data elements.
  - Construct statewide data dictionary.

- Data index: 600 hours.
  - Identify requirements.
  - Design and model.
  - Construct.
- Implementation Plan: 100 hours.
  - Develop implementation plan for statewide data dictionary/index.

5. Enterprise Reporting

Project Description:

Today, the Fastrack data warehouse is used for enterprise reporting but its data is limited to accounting (and some budgetary) information. The purpose of this project is to enhance Fastrack data and its reporting capabilities, through the inclusion of additional data. Possible data types include performance measures, more budget information, HR/Payroll data, agency-specific data, etc. In addition, this project will address the need for a Fastrack ad hoc reporting capability and web-based report request/delivery mechanisms.

Owner/Sponsor:

OFM.

Priority:

1 – Mandatory, must have it now.

Blueprint Strategy Alignment:

Implement the application architecture by separating enterprise reporting systems from transaction processing systems.

Tasks:

- Determine and document the desired future reporting capabilities.
- Identify the data necessary to meet those reporting capabilities.
- Integrate the new data elements into the current Fastrack data store.
- Design a data transfer infrastructure that ensures reliable and timely delivery of the new data.
- Identify data access requirements and evaluate capability of current tools.

- Acquire new or additional data access tools, if necessary.
- Design a data transfer infrastructure that ensures reliable and timely delivery of the new data.
- Construct enhanced data warehouse.
- Designate pilot application and conduct pilot.
- Plan the implementation and implement.
- Train users.

Products:

- Reporting requirements.
- Data access requirements.
- Data transfer requirements.
- Improved data access and ad hoc reporting tools.
- Enhanced data warehouse including all agencies.
- All AFRS reporting from the data warehouse.
- User training program.

Benefits:

- Promotes better policy, management, and operational decisions through improved data quality and the use of web-based, alternative data access methodologies.
- A composite data warehouse will enhance customer service by making user access less complicated and faster, will eliminate redundancies, and will ensure data accuracy and consistency.
- Achieves efficiency gains in information retrieval and report generation via use of web-based, "self-service", alternative data access and transaction applications.
- Provides greater flexibility in building, modifying, and maintaining financial/ accounting decision support applications.
- Lays the foundation for more extensive and easier financial/accounting information monitoring and evaluation capabilities.
- Tools with more capabilities and built for a larger audience of users could result in better accountability and analysis of agency expectations.

Customers:

OFM, legislature, line agencies.

Resources:

Total of 1,500 – 2,200 hours allocated as follows:

- Preparation: 100 hours.
  - Define project and designate in-house project team.
  - Validate Fastrack expansion vs. new data warehouse.
  - Create RFP, evaluate responses, and negotiate contract (if necessary).
- Reporting requirements: 100 hours.
  - Define future reporting requirements.
  - Determine delivery requirements (web-based, etc.).
- Data requirements: 300 hours.
  - Define data elements.
  - Define Fastrack integration requirements.
- Data access/reporting software: 200 hours.
  - Evaluate viability of current software.
  - Acquire and implement new or additional software, if necessary.
- Data warehouse construction: 500-1,000 hours.
  - Modify Fastrack to accommodate additional data.
- Implementation: 300-500 hours.
  - Implement enhanced data warehouse.
  - Document and publicize.
  - Train users.

6. Chart of Accounts Review

Project Description:

Today, a research project is often necessary to determine the amount expended on an activity that crosses agency lines. Agencies frequently have difficulty reconciling the way they are budgeted and the way they are managed. Performance measures are often not linked to the agency chart of accounts. Revenues and expenditures are not matched

in meaningful ways. Chart of accounts maintenance through AFRS does not facilitate an understanding of the relationship between agency business organization and budgetary structure.

This project will recommend a program coding structure that allows cross-agency reporting and facilitates the preparation of the agency activity report, improve revenue and expenditure matching capabilities, and will provide an easy-to-use, visual, interactive tool that agency managers can use to manage their chart of accounts. There is a relationship between this project and the Activity Based Costing Pilot project.

Owner/Sponsor:

OFM.

Priority:

3 – Needed, but longer-term.

Blueprint Strategy Alignment:

Provides a means for efficiently organizing financial information to implement enhanced decision support and reporting systems as identified in the application model.

Tasks:

- Review requirements for cross-agency reporting and agency activity reporting.
- Determine where it is appropriate to track/code revenue and expenditures at the program/sub-program activity level.
- Design a program coding structure that allows cross-agency reporting and facilitates the preparation of the agency activity report.
- Amend the state accounting policy to require the appropriate level of coding. Policy decisions are fundamental to this project.
- Modify the accounting system to enforce the accounting policy.
- Develop/acquire an easy-to-use, visual, interactive tool that agency managers can use to manage their chart of accounts.

Benefits:

- Enhanced government accountability to the public through the ability to align budget, management, and performance information.

- Better understanding of the relationship between agency business organization and the budgetary structure through visual representation of the chart of accounts.
- Restructuring and standardizing the chart of accounts will better accommodate current reporting needs.
- Better matching of revenues and expenditures can improve public perception.
- Budgeting and accounting for revenues at a program level can provide managers with better information for more effective management.

Customers:

Agency accounting, program managers, and public legislature.

Resources:

- Analysis and recommendations: 700 hours.
- Implementation/Training: 700 hours.

Owner:

OFM.

C. Accounting

1. Activity Based Costing Pilot

Project Description:

At a forum on Activity Based Costing (ABC), convened in May 2000, participants from the OFM, legislature, and line agencies agreed that ABC had merit for the state and should be pursued. ABC essentially combines cost accounting with an activity orientation and performance measurement. It was decided that the next step would be to conduct a pilot project with one or more agencies to identify requirements and test the concept. Several agencies expressed interest in participating in the pilot. (Note: There is the need to sort through how this project fits with labor distribution, cost accounting, and performance measurement systems. Project timing is also essential before agencies set up for a new biennium.

Owner/Sponsor:

OFM.

Priority:

1 – Mandatory, must have it now.

Blueprint Strategy Alignment:

This aligns with the application architecture processing system needs and the cost plan data store.

Tasks:

- Select Pilot Agency(s).
- Identify participants to join in a broader requirements analysis and conduct analysis.
- Work with pilot agency(s) to identify resources to be assigned/allocated (activities, cost objects, objectives and performance measures).
- Identify software to support pilot process.
- Conduct procurement for software or develop software.
- Implement software in pilot agency(s).
- Evaluate pilot and determine applicability for statewide implementation.

Products:

- Pilot agency and participating individuals.
- Requirements definition, including identification of resources to be assigned/allocated (activities, cost objects, objectives, performance measures).
- Pilot standards and procedures.
- ABC Software.
- Pilot evaluation.
- Determination of applicability for statewide implementation.

Benefits:

- Supports improved quality of management practices by more precisely identifying the costs of activities and their root causes.

- Establishes groundwork for other initiatives for efficiency gains (performance measurement, cost accounting, activity reporting).
- Can promote operational efficiency gains, management accountability, and enhanced customer service through improved planning and business processes.
- Establishes linkages between strategic planning, performance measurement and budget accounting data.
- Has the potential for improved operational quality through better performance measurement.

Customers:

OFM, legislators, analysts, line agencies and the public.

Resources:

Total of 800 hours allocated as follows:

- Preparation: 300 hours.
  - Determine pilot length.
  - Select pilot agencies.
  - Identify individual participants.
  - Conduct needs assessment.
  - Determine and document pilot's ABC standards and procedures.
- Acquire Supporting Software: 200 hours.
  - Acquire and implement preliminary software to support pilot.
  - Provide software training.
- Review: 200 hours.
  - Conduct and document periodic progress reviews.
  - Adjust process as necessary.
- Analysis and Conclusion: 100 hours.
  - Evaluate pilot.
  - Determine applicability for statewide implementation.
  - Document and publicize.

2. Assess Core Financial Systems

Project Description:

The state will be making some fundamental decisions about major systems in the next year or two. These decisions are related to the long-term viability of AFRS, whether to replace the core personnel/payroll systems, how to approach cost accounting, and others.

This project would involve contacting other states, and potentially local governments, to find out their experiences with "software suites", Enterprise Resource Planning Software, and "best of breed" software to guide decisions about future financial software direction for core financial systems in Washington.

Owner/Sponsor:

OFM.

Priority:

1 – Mandatory, must have it now.

Blueprint Strategy Alignment:

- Provides additional perspective about the ability to implement data store and data warehouse architecture using commercial software.
- Provides additional insights on common systems and tools that would be centrally maintained and used by agencies.

Tasks:

- Identify "best of breed" candidates for individual financial system replacement, and financial system "suites" (ERP) as potential replacements for financial systems.
- Develop a list of other states using vendor-supplied applications as a portion or all of their financial applications inventory, and determine the states to contact and conduct site visits.
- Conduct site visits and telephone interviews.
- Document other states' experience with software and associated costs.
- Evaluate core financial system options and determine the approach that will be most effective for the State of Washington.

Products:

- Identification of viable "best of breed" products and financial system "suites".
- Other state's experiences.
- Alternatives evaluation and recommendation.
- Implementation plan.

Benefits:

- Provides a better context to make cost-effective decisions about the future of the current financial systems.
- Ensures that Blueprint strategies will be effective by validating them with the experiences of other states and vendors.
- Has the potential to identify reasonable-risk, improved quality solutions that enhance customer service, provide efficiency gains, and return a higher benefit.

Customers:

OFM, GA, DOP, DIS, line agencies.

Resources:

Total of 400 hours allocated as follows:

- Preparation: 100 hours.
  - Designate project team.
  - Identify vendor package candidates and contact vendors.
  - Identify other states to contact and contact them.
  - Document vendor and state contacts.
- Site Visits: 250 hours.
  - Select three other states to visit.
  - Arrange visits.
  - Conduct visits (team of three).
  - Document state visits.
- Analysis and Conclusion: 50 hours.

- Analyze vendor and state contacts, and state site visits.
- Document conclusion.

3. Common Statewide Vendor Data Store

Project Description:

The data architecture will provide the foundation for several statewide subject data stores that will be developed among which is the statewide vendor data store. The statewide vendor data store represents a single source where vendor data is defined, created and shared among the different systems. Extracts from this data store will ultimately be used to feed the data warehouses that will be used by future decision support systems.

Owner/Sponsor:

OFM.

Priority:

2 – Important, will need it soon.

Blueprint Strategy Alignment:

Implements one of the common data stores in the application architecture.

Tasks:

- Determine requirements for statewide vendor data store, including the information required to support all functional areas and the characteristics of that data. In addition, any desired "new" data should be documented such as textual data, performance measures, costs, how many people served, etc.
- Perform data modeling based both on business functions and data relationships to determine scope, boundaries and elements of the statewide vendor data store.
- Design and build statewide vendor data store.
- Integrate existing applications with new data store.
- Develop maintenance infrastructure for statewide vendor data store including the ability for vendors to directly maintain their own data.
- Develop initial reporting capabilities.
- Install statewide vendor data store.

- Convert existing data to statewide vendor data store.
- Redesign and distribute any necessary policies and procedures.
- Develop training program.

Benefits:

- Composite data stores will allow greater flexibility in building, modifying, and maintaining decision support applications.
- Centralized data will make user access less complicated and faster.
- A single data store will eliminate redundant data, and provide better data accuracy and consistency, and allow greater flexibility in building, modifying, and maintaining decision support applications.
- Improved efficiency of staff involved in retrieving information.
- Elimination of synchronization and reconciliation efforts and costs.

Customers:

OFM, DIS, DOP, GA, and line agencies.

Resources:

- Analysis/requirements definition: 500 hours.
- Development of data store and associated applications: 1000 hours.

4. Non-Labor Cost Allocation/Labor Distribution System

Project Description:

There is no statewide system to perform non-labor cost allocation. Labor distribution is performed in a limited manner by the PAY1 system.

This project's objective will be to define what is to be included in a labor distribution/cost allocation system and to have interested parties formally commit to its implementation. It is proposed that the resulting system would contain two modules, labor cost distribution and non-labor cost allocation. The labor cost distribution module would allow managers to determine how payroll should be distributed to the accounting system. It would contain information at the individual employee level and pass more summary information to the accounting system. The non-labor cost allocation module could be designed to address the allocation of non-labor costs. This module would facilitate reporting of cost accounting information without dramatically increasing the detailed information contained in the accounting

system. Both modules would receive information from the payroll data store, the time leave data store, the accounts payable data store, and the employee data store. User-provided information in the cost plan data store would be the basis for creating accounting entries and preparing cost accounting reports. (Note: This project will be influenced by the outcome of the FRIP project currently underway.)

Owner/Sponsor:

OFM, DOP, selected agencies.

Priority:

2 – Important, will need it soon.

Blueprint Strategy Alignment:

Addresses one of the key needs identified in the Applications Architecture.

Tasks:

- Evaluate results of Activity Based Costing Pilot project to determine if there continues to be a need for this project. If so, proceed with the following tasks.
- Determine which agencies are interested in participating in a requirements study.
- Conduct the requirements analysis including definition of cost drivers, cost pools, cost centers, and what is to be costed. Document the general and agency-specific requirements.
- Identify implementation approaches and the order of magnitude costs associated with those approaches. Include build, buy or using other agency system alternatives.
- Select an alternative.
- Reconfirm agency participation.
- Propose implementation plan for selected alternative.

Benefits:

- Provide the ability to perform simple and "full cost of service" analysis.
- Improve government decision making through full allocation of costs.
- Allow managers to determine how payroll should be distributed to the accounting system.
- Facilitate reporting of cost accounting information.

Customers:

OFM, line agencies.

Resources:

- Analysis/requirements definition: 900 hours.
- The remaining effort would be estimated after the analysis has been completed.

5. Payables Enhancement

Project Description:

The current systems provide fragmented and incomplete payables management information. Many users have requested workflow integration with the purchasing process. There seems to be a desire to schedule recurring and other payments for future execution by the system. The current processes use vendor files that are unique to each agency. The EFT process uses a statewide vendor file maintained by OFM. Much of the information contained in the agency vendor files is optional and subjected only to superficial edits.

This project will provide an overall assessment and requirements definition for a set of projects to manage the payables process, including aging of accounts payable, staging and scheduling of payments, recurring payments, miscellaneous bill presentment and payment, electronic remittance advices, OMWBE and 1099 support, and reporting on payments by vendor, type, etc. The user focus will be on authorizing and approving payments with the system selecting the most efficient method and timing for executing the payments.

Certain payables deficiencies are being indirectly addressed through the current TUPS and electronic journal voucher projects.

Owner/Sponsor:

OFM.

Priority:

3 – Needed, but longer term.

Blueprint Strategy Alignment:

Supports the application architecture by enhancing capabilities of the accounts payables function and separating payables from the General Ledger. It also makes use of the statewide vendor data store.

Tasks:

- Define requirements for payables as a whole, then break out into individual projects.
- Prioritize projects by addressing core needs first, followed by the component needs.
- Select projects to be implemented.
- Identify and analyze project alternatives.
- Propose implementation plans for selected alternatives.

Benefits:

- Elimination of costs in both time and money by integrating the purchasing process and the payment process.
- Facilitate better payables and cash management through the ability to schedule recurring and future payments.
- Efficiencies through the use of a common statewide vendor data store.

Customers:

OFM, line agencies.

Resources:

- Analysis/requirements definition: 500 hours.
- The remaining effort would be estimated after the analysis has been completed.

6. Analyze OFM Accounts Receivable System

Project Description:

The current AR system is a combination of heavily modified external vendor (Solomon) application combined with custom in-house modifications. The Solomon application in its current condition doesn't work correctly or efficiently. Users experience frequent system problems:

- Transactions do not always post completely.
- Extensive modification has resulted in an error-prone system that is difficult to enhance and maintain.
- Manual intervention is required to import files. The only data entry capability is via screens.
- The system frequently "crashes".

Lack of qualified system support personnel has compounded the problems. Agency customer needs for system maintenance and enhancements cannot be met in a timely fashion. Agencies have lost confidence that the system will ever be tailored to meet their specific needs, and they are frustrated with their inability to generate custom reports as promised without the aid of a programmer. These and other problems have led to OFM's inability to market and attract new customer agencies.

Owner/Sponsor:

OFM.

Priority:

3 – Needed, but longer-term.

Blueprint Strategy Alignment:

Addresses the application model's need for a functional accounts receivable system.

Tasks:

- Document current AR system deficiencies and determine requirements for an improved AR system.
- Identify and analyze AR system alternatives.
- Select alternative.
- Propose implementation plan for selected alternative.

Benefits:

- Reduced cost through reduced requirements for special-skill consultant support.
- Opportunity to acquire new features/functions to reduce user frustration.
- Reduced maintenance costs.
- Increased opportunity to meet "digital government goals."

- Stabilized test, QA and production environments.

Customers:

OFM, line agencies.

Resources:

- Requirements definition/alternatives analysis: 500 hours.
- The remaining effort will be estimated after the analysis has been completed.

D. Budget

1. Fiscal Note System

Project Description:

There is no current automated system that allows for the development, tracking and distribution of fiscal notes as part of the budget preparation function. This project will create a system that automates the processes associated with agency fiscal note development and with legislative review and amendments to the note, as required. The processes supported will include agency requests from legislature, agency preparation of note and OFM monitoring of the fiscal note process. The system will be designed to handle multiple versions of bills and notes.

Priority:

Underway.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Addresses priority need as identified in Applications Architecture.

Tasks/Benefits/Customers/Resources:

This project has been defined, approved and is currently underway. The system design has been completed, contractors have been hired, and the construction phase has begun. A November 2000 implementation date is anticipated in preparation for the January legislative session.

2. Define Salary Projection System Requirements

Project Description:

It has been mandated that a way be developed to project salary/benefits to be used for budget development and allotments. It would replace the current Budget Preparation System 1 (BPS1), plus provide enhancements. This project will identify the business, integration and data requirements for the replacement system, and will deliver a conceptual solution and implementation plan for the salary analysis and projection process tied to the current and new business processes involved.

Priority:

1 – Mandatory, must have it now.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

- Addresses a key need identified in the application architecture.
- Should be implemented in a manner that fits with Blueprint data and applications architectures.

Tasks:

- Define salary/benefits projection business requirements to support the analysis and projection of salary and benefit fiscal impacts to budget proposals and allotment plans.
- Identify integration requirements for the personnel, payroll, and labor distribution systems, as well as the budget preparation and allotment systems.
- Identify and analyze system alternatives.
- Develop and propose implementation plan for selected alternative.

Products:

- Detailed salary projection system requirements.
- Decision package.

Benefits:

- Achieves efficiency gains through the reduction of staff efforts currently required by the budget development and allotment processes.
- Enhances customer service and improves budget and allotment quality by supporting work-types not supported by the current system.
- Improves ability to handle the complexities of policy changes and provides maintenance and overhead efficiency gains through the replacement of the older system.
- Reduces agency frustration with the salary/benefits projection portions of the budget and allotment processes.

Customers:

OFM, line agencies, legislature.

Resources:

Total of 450 hours allocated as follows:

- Preparation: 50 hours.
  - Define project and designate in-house project team.
  - Create RFP, evaluate responses, and negotiate contract (if necessary).
- Review: 50 hours.
  - Review deliverables as project progresses.
- Business/Technical Assessment: 150 hours.
  - Review of BPS1.
  - Needs assessment and analysis.
  - Definition of current business processes and technologies.
- Solution: 150 hours.
  - Prepare Conceptual design.
  - Identify data requirements.
- Implementation Plan: 50 hours.
  - Prepare implementation plan for solution.

3. Define Allotment System Requirements

Project Description:

A survey of BASS customers revealed one of their priority problems is allotment processing, and according to feedback, handling capital allotments was the number one difficulty they encountered within allotment processing.

A system through which the month-by-month revenue and spending plan is defined, submitted and reviewed, is required. It will use data from the budget data store and will create new data ("allotment" data) to be added to the budget data store. It will easily and efficiently support capital allotments as well as operating allotments. Once allotments are finalized, OFM and the agencies will use the system to create official agency allotments in the accounting data store and agencies will create internal agency level allotments in the accounting data store.

This project will develop the requirements definition and alternatives analysis for a statewide allotment system.

Priority:

1 – Mandatory, must have it now.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

The allotment system is part of the budget implementation functions in the applications architecture, utilizing data from the accounting, budget, and chart of accounts data stores.

Tasks:

- Determine allotment system requirements, including identifying the appropriate allotment methodology for both capital and operating allotments.
- Identify and analyze allotment system alternatives.
- Develop and propose implementation plan for selected alternative.

Products:

- Identification of capital and operating allotment methodology.

- Requirements analysis.
- Alternatives analysis and recommendation.
- Implementation plan.

Benefits:

- Achieves efficiency gains through automated monitoring and online reporting tools to support evaluation for decision support.
- Improves ability to handle the complexities of policy changes, and provides maintenance and overhead efficiency gains, through the replacement of older, difficult to maintain systems.
- Provides improved data quality through elimination of data re-keying.
- Enhances customer service by reducing agency frustration with current allotment process.

Customers:

OFM, line agencies, legislature.

Resources:

Total of 500 hours allocated as follows:

- Preparation: 50 hours.
  - Define project and designate in-house project team.
  - Create RFP, evaluate responses, and negotiate contract (if necessary).
- Review: 50 hours.
  - Review deliverables as project progresses.
- Business and Technology Assessment: 200 hours.
  - Needs assessment and analysis.
  - Definition of current business processes and current technical environment.
- Alternatives Analysis: 150 hours.
  - Review best practices.
  - Identify alternatives.
  - Prepare cost/benefit analysis.
  - Select preferred alternative.

- Implementation Plan: 50 hours.
  - Prepare implementation plan for preferred alternative.

4. Common Budget Data Store

Project Description:

The Enterprise Data Architecture project provides the foundation for several statewide subject data stores, including the statewide budget data store. The statewide budget data store represents a single source where budget data is defined, created and shared among the different systems. Extracts from this data store will ultimately be used to build the data warehouses that will be used by all future decision support systems for budget monitoring and evaluation.

Priority:

2 – Important, will need it soon.

Owner/Sponsor:

OFM, legislature.

Blueprint Strategy Alignment:

Implements the common budget data store as included in the applications architecture.

Tasks:

- Working with the legislature, determine requirements for a statewide budget data store including the information required to support all functional areas and characteristics of said data. Define impact on existing systems. In addition, document any desired "new" data, such as textual data, performance measures, etc.
- Perform data modeling based both on business functions and data relationships to determine scope, boundaries and elements of the statewide budget data store.
- Design statewide budget data store, including security methods.
- Build statewide budget data store.
- Develop maintenance infrastructure for statewide budget data store.
- Develop initial reporting capabilities to include user report requesting, customization, and delivery via e-commerce applications.

- Install statewide budget data store.
- Convert existing data to statewide budget data store.
- Redesign and distribute any necessary policies and procedures.
- Develop training program.
- Train users.

Benefits:

- Centralized data will make user access less complicated.
- A common data store will eliminate redundant data, and provide better data accuracy and consistency, and allow greater flexibility in building, modifying, and maintaining decision support applications.
- Improved efficiency of staff involved in retrieving information.
- Elimination of synchronization and reduction of reconciliation efforts and costs.

Customers:

OFM, line agencies, legislature, public.

Resources:

- Work with the legislature to define and document the data for a common data store: 500-600 hours.
- Requirements definition/alternatives analysis: 500 hours.
- Development of data store: 300 hours.
- Align systems with budget data store: TBD.

5. Common Budget Development/Analysis System

Project Description:

This project will define the requirements, alternatives and implementation plan for a statewide budget implementation application through which budgets are developed, submitted and reviewed. It may include a set of "front-end" tools that assist in analysis and planning prior to budget development. Possible forecasting tools might include revenue estimates and budget drivers, objectives/goals/performance measures, and historical, financial and budget data. It may also include some statistical analysis.

All parties associated with budget development would use the statewide budget development system. Though all budget developers would be using the same tool, different views would be available per type of user depending upon desired level of privacy, processing requirements, modeling technique and budget drivers. In addition, the system would support both capital and operating (revenue, expenditure, salary) budget preparation, would track multiple budget versions, and would provide tools to support "roll-up." The system would create and manage data in the statewide budget data store.

Priority:

2 – Important, will need it soon.

Owner/Sponsor:

OFM, legislature.

Blueprint Strategy Alignment:

The budget development system is part of budget preparation function in the business model and utilizes the employee, budget, and chart of accounts data stores.

Tasks:

- Build partnership with relevant stakeholders in legislature and line agencies.
- Define objectives and requirements.
- Determine and investigate alternatives.
- Propose implementation plan for selected alternative.

Benefits:

- Better accountability and analysis of agency expectations by providing tools with more capabilities and built for a larger audience of users.
- Better analysis and decisions due to more functionality across the budgeting system.
- Greater accountability and oversight.
- Analysis based on performance measures.
- Efficiencies realized through simpler approach.

Customers:

- Agencies, OFM, line agencies, legislature, public.

Resources:

- Establish partnership with legislature: 200 hours.
- Requirements definition/alternatives analysis: 1000 hours.
- The remaining effort would be estimated after the analysis has been completed.

6. Activity Reporting Automation

Project Description:

This project will analyze current activity reporting processes and determine how these processes can be defined and managed in a statewide, automated fashion across the financial systems.

Priority:

2 – Important, will need it soon.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Addresses the issue of providing better tools to manage and automate activity reporting as documented in the business model.

Tasks:

- Determine whether this reporting can be addressed by the Activity Based Costing Pilot. If not, proceed with the tasks below.
- Meet with and organize relevant stakeholders.
- Define objectives and requirements.
- Determine and investigate alternatives including the suitability of enhancing the BDS system to provide activity-reporting functionality.

- Determine and investigate implementation strategies including activity indicator architecture and restructuring of an agency's chart of accounts to facilitate activity management.
- Propose implementation plan for selected alternative/strategy.

Benefits:

- Better understanding of how agencies are spending their funds.
- Reduced costs through elimination of manual activity reporting.

Customers:

OFM, line agencies, legislature, public.

Resources:

- Requirements definition/alternative analysis: 500 hours.

7. Budget Intent Tracking Process

Project Description:

The current budget development systems do not capture and track budget intent information ("unwritten provisos").

This project will determine the intent tracking methodology and how the budget development applications can be modified to capture this information.

Priority:

3 – Needed, but longer-term.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Addresses an issue identified in the budget business model.

Tasks:

- Meet with relevant stakeholders in OFM, agencies, legislators, etc.
- Define objectives and requirements, including definition of "budget intent".
- Identify and analyze intent tracking alternatives.
- Propose implementation plan for selected alternative.

Benefits:

Tracking this information will support budget monitoring, ensuring that funds are spent according to their original purposes.

Customers:

OFM, line agencies, legislature, public.

Resources:

- Requirements definition/alternatives analysis: 500 hours.
- The remaining effort would be estimated after the analysis has been completed.

8. Base Budget Assessment Methodology

Project Description:

The current budget development applications do not show the composition of an agency's base budget. Visibility from outside the agency to this level of budget detail has been requested by OFM and legislative staff.

This project will determine the methodology for breaking down the base budget and to what level, and how these capabilities will be addressed by the existing system or any new budget systems.

Discussion Note: This project may be related to Activity Based Costing Pilot project.

Priority:

3 – Needed, but longer-term.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

- Addresses the issue documented in the budget business model.
- Provides underlying logic for a central budget data store.

Tasks:

- Meet with relevant stakeholders in OFM, agencies, legislators, etc.
- Define objectives.
- Determine and investigate methodology alternatives. For example, a zero-budgeting approach, activity-based approach, decision packages, etc.
- Determine and investigate implementation alternatives.
- Propose implementation plan for selected alternative.

Benefits:

Better understanding of how the agency is spending the majority of its funds; those in its base budget.

Customers:

OFM, line agencies, legislature.

Resources:

- Methodology determination: 500 hours.
- Implementation Plan: 100 hours.
- The remaining effort would be estimated after the analysis has been completed.

9. Integration of PMTES

Project Description:

The current performance measurement application, PMTES, is primarily a data entry and reporting tool. Agencies enter their performance measures and results directly into the application from their own calculations. As more agencies move toward performance-based management and the use of performance measures and unit costs, additional tools and integration are required to automate performance measurement tracking.

This project will analyze how performance measures relate to cost objects and how the measures should be defined. It will determine where in the financial systems (budget and accounting) performance measure data should reside and will decide if a standard chart of accounts would be required in order to implement.

Note: If Activity Based Costing Pilot is adopted, this project could become unnecessary.

Priority:

3 – Needed, but longer-term.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Addresses the performance measurement capabilities issue identified in the budget business model.

Tasks:

- Organize a working team to discuss, research and offer alternatives.
- Determine how performance measures relate to cost objects.
- Decide how the measures should be defined.
- Determine where in the financial systems (budget and accounting) performance measure data should reside.
- Determine if a modified chart of accounts would be required in order to implement.
- Identify and analyze integration alternatives.
- Perform implementation planning for selected alternative.
- Implement selected alternative.

Benefits:

- Improved budget and policy decisions through the development of better performance information.
- Improved management at the line agency level.

Customers:

OFM, line agencies, legislature.

Resources:

- Requirements definition/alternatives analysis: 300 hours.
- Remainder of project to be estimated based on analysis results.

E. Procurement Management

1. Purchasing System

Project Description:

Current purchasing applications and processes lengthen the cycle time of purchases, require duplicate keying and storing of information, do not provide adequate tools to easily review purchasing information, do not foster standardized purchasing rules and regulations, and are not functionally integrated with the financial systems.

This system will store information starting with the purchase request and approval and continuing through to receipt of goods or services and initiation of an accounts payable transaction. Pre-encumbrance/encumbrance capabilities will be included. The system will have built-in edits that would enforce certain purchasing business rules and standards. All types of products would be included in the purchasing system, such as consumables, services and information technology. Eventually, the purchasing system will be integrated with the inventory and contract management systems and will utilize central data stores such as the statewide vendor data store, etc.

Priority:

Underway.

Owner/Sponsor:

GA.

Blueprint Strategy Alignment:

Addresses the integration among systems and increased automation issues identified in the procurement management business model.

Tasks/Benefits/Customers/Resources

This project (TUPS) has been defined, approved and is currently underway. GA has decided to engage a purchasing service (AMS's BuySense) intended to be the future purchasing support for all agencies. The service facilitates the purchasing of goods and some services, but does not provide contract management support. Following are highlights of the service:

- Supports vendor self-registration.
- Can feed the statewide vendor data store.
- Allows profiling of vendors.
- Is supported by a transaction fee/subscription.
- Has a history feature.
- Enforces business rules.
- Supports the three-bid requirement.
- Has online reporting capabilities as well as a daily data feed for onsite ad hoc reporting.
- Will generate payment and encumbrance transactions to AFRS as well as provide data feeds for other application integration purposes.
- Future releases will provide RFP support and full purchasing support of "services".
- Service is intended for end-users as well as purchasing officers.

The project's implementation phase will begin in early June, with a pilot and proof of concept scheduled to begin mid-August with DOC and GA. Production rollout to DOC and GA is anticipated by year end. The system will be ready for the next agency in early 2001.

2. Contract/Grant Management System I

Project Description:

Concern about performance on client services contracts, and recommendations to improve the same, were included in the report of the task force on Agency Vendor Contracts Practices issued in November 1999. This led to an appropriation to develop a new client services contracts management system. This project is just getting underway.

This project involves requirements definition, alternatives analysis and implementation of an integrated client service management system. The requirements

definition phase will include requirements for the personal services and grant/project functions to be added later.

Priority:

Underway.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Addresses the standardization, sharing of contract information and grant management issues identified in the procurement management business model.

Tasks/Benefits/Customers/Resources:

This project has been defined, approved, funded and is about to get underway.

3. Define Contract/Grant Management System II Requirements

Project Description:

Today, there is a need for better communication, both within an agency and among agencies, regarding the availability of contracts for various services. There is a need to be able to easily identify potential vendors, to know what contracts exist, who they are with and what they are for, and contract terms and conditions to be available online.

Time is often wasted researching and negotiating with vendors when an existing contract could have been utilized. There is a need to track contracts statewide by unique contract number, name of contractor, CFDA number and agency, as well as a need for vendor performance evaluation. These capabilities are not available today. Also, there is a need to provide better support to the Single Audit Act and its intention of eliminating multiple payments for a single service.

In addition, the current systems provide reasonable capability for coding budget and actual grant/project transactions. However, they don't allow for the collection and management of grant applications, regulations, matching requirements, funding sources, etc. There is a need to collect information such as: the grantor, time period, matching requirements, state manager, pass through information, accounting coding structure, etc. The reporting will be based on grant/project attributes. The system will utilize the grant project, cost plan, chart of accounts, budget, and accounting data stores.

This project involves requirements definition and alternatives analysis, and addresses: personal services contracting, grant/project management, and reporting capability into Contract/Grant Management System I.

Priority:

1 – Mandatory, must have it now.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Addresses grant/project management issues identified in the accounting business model.

Tasks:

- Organize a requirements definition team consisting of relevant stakeholders.
- Identify and document system requirements. Incorporate grant-focused results from requirements phase of Contract/Grant Management System I.
- Identify and analyze grant management system alternatives.
- Propose implementation plan for selected alternative.

Products:

- Requirements definition.
- Alternatives analysis and recommendation.
- Implementation plan.

Benefits:

- Improves the quality and effectiveness of program outcomes and achieves efficiency gains by preventing over expenditures and other audit exceptions, through timely monitoring and management of grants.
- Achieves efficiency gains in the vendor selection effort by streamlining the process, and providing and communicating the availability of contracts for various services, as well as improving the quality of the vendors selected through performance evaluations.

- Provides enhanced customer service through flexible reporting based on grant/project attributes.
- Provides efficiency gains through automation of current manual processes.

Resources:

Total of 700 hours allocated as follows:

- Preparation: 50 hours.
  - Define project and designate in-house project team.
  - Create RFP, evaluate responses, negotiate contract (if necessary).
- Review: 50 hours.
  - Review deliverables as project progresses.
- Business and Technology Assessment: 300 hours.
  - Needs assessment and analysis.
  - Definition of current business processes and current technical environment.
- Alternatives Analysis: 200 hours.
  - Review best practices.
  - Identify Alternatives.
  - Prepare cost/benefit analysis.
  - Select preferred alternative.
- Implementation Plan: 100 hours.
  - Prepare implementation plan for preferred alternative.

4. Procurement Management Business Process Assessment

Project Description:

Today, procurement is handled in a variety of ways, none of which are integrated to support statewide oversight or reporting. Support for goods (excluding computer) and services (excluding personal) acquisitions is provided by GA. DIS provides purchasing facilities for computer hardware/ software and related items (except personal services). Personal service contracts are supported by OFM. In addition, various agencies are supported by their own purchasing systems. This situation has the potential for substantial economies to be realized through consolidation of systems and services, increased agency knowledge of the overall acquisition process, centralized data stores to support required reporting, and standardization of statutes and

terminologies. A business process assessment is necessary to define and consolidate business needs, to document and consolidate current human and computer processes, to identify current process deficiencies, and to propose solution alternatives.

There also is a need to look at how to better integrate the various activities of procurement management: procurement, contract management, consumable inventory, and fixed asset inventory and disposition (surplus property). This project may recommend changes in law and/or changes in policy.

Priority:

1 – Mandatory, must have it now.

Blueprint Strategy Alignment:

Addresses a key Blueprint objective of increasing integration between financial systems and providing improvements through faster, cheaper, simpler processes.

Tasks:

- Organize procurement business process review subcommittee.
- Designate in-house project team.
- Prepare consultant expectations
- Prepare RFP and execute.
- Hire consultant team.
- Provide consultant team oversight.

Products:

- Review and analysis of current business processes.
- Review and analysis of current technical environment.
- Industry best practices.
- Alternatives analysis.
- Alternative recommendation.
- Implementation plan.

Benefits:

- Has the potential to achieve efficiency gains through identification of simpler and fewer processes and systems, and better managed assets, contracts and suppliers.

- Integration with other financial systems could enhance customer service through reduced cycle time of purchases and simpler procurement, contract, and inventory processes for the State and vendors.
- Achieves efficiency gains and improves data quality through the elimination of duplicate keying and storing of information.

Customers:

OFM, line agencies.

Resources:

Total of 1,800 hours allocated as follows:

- Preparation: 100 hours.
  - Define project and designate in-house project team.
  - Create RFP, evaluate responses, negotiate contract (if necessary).
- Review: 200 hours.
  - Review deliverables as project progresses.
- Business and Technology Assessment: 600 hours.
  - Document and analyze current business processes.
  - Document and analyze current technical environment.
- Alternatives Analysis: 700 hours.
  - Review best practices.
  - Identify Alternatives.
  - Prepare cost/benefit analysis.
  - Select preferred alternative.
- Implementation Plan: 200 hours.
  - Prepare implementation plan for preferred alternative.

5. Consumable/Warehouse Management System

Project Description:

This project involves requirements definition, alternatives analysis, and implementation of an inventory system that will accommodate consumable assets and capital assets, and allow for infrastructure reporting, and applying the appropriate rules according to

the type of asset. It will be integrated with other statewide systems and data stores to facilitate re-ordering of consumables and updating accounting records for disposals. There will be a common interface from agency-specific asset management systems to the statewide inventory system. The system will provide information on consumable and capital assets at an agency and statewide level. Information from this system would be used for completing physical inventories, managing inventories, and for planning and budgeting purposes. It could also be used for higher level reporting to management, the legislature and the public.

Priority:

2 – Important, will need it soon.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Identified in the procurement management application model to accommodate consumable and capital assets, and provide management reporting.

Tasks:

- Organize a requirements definition team consisting of relevant and interested stakeholders across all agencies.
- Define inventory management system requirements.
- Identify and analyze inventory management system alternatives with consideration given to outside vendor packages.
- Conduct procurement to select inventory management software if that alternative is selected.
- Perform implementation planning for selected alternative.
- Implement vendor software (install, enter data, test and train staff) or implement development alternative per application lifecycle/methodology (design, construct/ integrate, test, deploy, train).

Benefits:

- Reduced operating costs through inventory tracking facilities, automatic reordering and inventory analyses.
- Improved inventory management.

Customers:

Line agencies, OFM, legislature.

Resources:

- Analysis/recommendation: 700 hours.
- Vendor implementation: 500 hours, or development implementation: 1700 hours.
- Vendor license and maintenance fees (if any).

6. Asset Management Reporting

Project Description:

There is a need for a standardized asset management system to be used by agencies to manage certain types of assets, such as equipment, vehicle fleets and buildings. These agency-specific systems would be tailored to the requirements of the type of asset being managed. For example, a vehicle fleet system may contain maintenance records and schedules for each vehicle in addition to the usual asset information (cost, acquisition, ownership, etc.). These systems would feed basic information to the statewide asset data store so complete state asset information would be available from a single source.

Priority:

3 – Needed, but longer-term.

Owner/Sponsor:

OFM.

Blueprint Strategy Alignment:

Identified in the procurement management application model to provide asset reporting.

Tasks:

- Organize a requirements definition team consisting of relevant and interested stakeholders across all agencies.
- Define asset management system requirements.

- Identify and analyze asset management system alternatives with consideration given to outside vendor packages.
- Conduct procurement to select asset management software if that alternative is selected.
- Perform implementation planning for selected alternative.
- Implement vendor software (install, enter data, test and train staff) or implement development alternative per application lifecycle/ methodology (design, construct/ integrate, test, deploy, train).

Benefits:

- Controlled, lower cost for maintenance over asset lifecycle.
- Identification of optimum maintenance and replacement schedules.
- Less equipment downtime impacting programs.
- Potentially lower cost for asset purchase and replacement through planning for volume purchases.
- Lowered costs for records management and storage through the automation of paper records and documents associated with assets.

Customers:

Line agencies, OFM, legislature.

Resources:

- Analysis/recommendation: 500 hours.
- Vendor implementation: 400 hours, or development implementation: 1,200 hours.
- Vendor license and maintenance fees (if any).

F. Human Resources

1. Human Resources Systems Options Analysis

Project Description:

This project involves conducting an information technology assessment with respect to replacing the current Personnel/Payroll and associated systems.

The current Personnel/Payroll system was created over two decades ago. Per a feasibility study conducted in 1994, the system "is a complex installation of hardware and software that requires costly, highly specialized maintenance and technical support. It is old, patched, poorly documented and difficult to change. It is unresponsive to legislative changes, customer modification requests, and disclosure of public information".

The Human Resource systems continue to consume considerable resources through necessary maintenance support and mandated enhancements for which they were not originally designed. The looming possibility of significant changes mandated by proposed collective bargaining legislation and civil service reform legislation serve as catalysts for investigation of replacement of these systems.

In addition to core payroll and personnel functions, this assessment will address the "single or separate systems" issue, the statewide employee data store, and functions that are or may be related to core payroll and personnel functions, i.e., employee "self-service", time/leave management, recruitment management, training management, labor distribution, benefits management, salary projection and common employee ID.

Priority:

1 – Mandatory, must have it now.

Owners/Sponsors:

DOP, OFM.

Blueprint Strategy Alignment:

Addresses the limited access and the difficulty in maintaining the current system issues identified in the human resources business model.

Tasks:

- Form a sub-committee to the Blueprint Steering Committee of relevant stakeholders to provide project direction and oversight.
- Prepare Statement of Work for consultants, and conduct procurement.
- Select the consultant team and organize internal project team.
- Conduct an assessment per Feasibility Study Guidelines. The study will provide analysis of the technical alternatives defined and the relative costs, benefits and risks.
    - Initiate project.

- Conduct needs assessment and identify policy issues.
- Develop conceptual framework and prioritize components.
- Define alternative solutions.
- Calculate costs.
- Determine benefits.
- Conduct cost/benefit analyses.
- Evaluate risks.
- Define recommended alternatives.
- Draft assessment.
- Review and refine assessment.
- Complete assessment.
- Develop implementation plan with timing and sequencing of concept components.
- Conduct presentations.

Products:

- HRIS strategy.
- Current and proposed IT architecture and migration plan.
- Updated 1994 HRIS feasibility study.
- Alternatives analysis and recommendation.
- Implementation plan.
- Decision packages.

Benefits:

- Improves quality of policy and management decisions via data access and availability.
- Achieves efficiency gains in the data access, storage, and manipulation processes; improves data quality and eliminates synchronization efforts, through centralized data stores and more efficient, streamlined processes.
- Enhances customer service and provides more efficient online processes via simpler, alternative, web-based transactions via electronic forms.
- Improves ability to implement Legislative and Executive policy decisions and provides maintenance and overhead efficiency gains, through the replacement of the older systems.

- Improves data quality, functional responsiveness, and customer service and satisfaction, through the use of web-based, "self-service", alternative data access methodologies.

Customers:

DOP, OFM, line agencies, employees, legislature, public, federal agencies.

Resources:

Total of 1,600 hours allocated as follows:

- Preparation: 100 hours.
  - Define project and designate in-house project team.
  - Create RFP, evaluate responses, negotiate contract (if necessary).
- Review: 200 hours.
  - Review deliverables as project progresses.
- Conceptual Design: 550 hours.
  - Verification of 1994 HRIS Feasibility Study.
  - Needs assessment and analysis.
- Implementation Strategy: 650 hours.
  - Review best practices.
  - Identify Alternatives.
  - Prepare cost/benefit analysis.
  - Select preferred alternative.
  - Prepare implementation plan.
- Decision Packages: 100 hours.
  - Build decision packages for each project in preferred alternative.

Appendix A: Information Requirements

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Following are requirements for enhancements to statewide financial systems identified in surveys and focus groups with customers.

I. General Business Practices

A. Reporting

- Balance the need for accuracy with timeliness and currency.
- Increase reporting flexibility to obtain the information to support policy, management and operational needs.
- Train users on current and improved reporting systems and data.

B. Web/E-commerce

- Provide web access to public information. State agencies that provide information to the public must do so in an efficient and easy to use format. (Nick Pender and Gary Robinson)
- Provide agencies access to the current version of the policy database. (Gary Robinson)
- Provide systems that facilitate business to government, employee to government and citizen to government interchange (e.g. taxes, registrations, address, legislation, and regulations).
- Improve accessibility to detailed historical data, allowing staff to easily analyze trends and patterns. Data should be available in detailed and consolidated formats for users to fill specific needs.

C. Data

- Provide common data definitions that are standardized across functions, systems, agencies and programs. Review and if necessary amend coding structure to allow staff to better determine costs of implementing strategic objectives. (Candace)
- Automate data collection activities, where possible. (Surveys)

- Clarify data validation rules to improve accountability and data integrity. Agencies should be held more accountable for putting accurate information into the system the first time. (Doug Tanabe)
- Interface the client server feeder system with the mainframe to increase flexibility in satisfying unusual transaction requests. (Surveys)

D. Other

- Standardize the look and feel of central systems. Users want simple, easy access to central systems.
- Ensure financial systems are designed with all users in mind, including customers, employees, and businesses. The user interface should be customized for specific system users. (Business Modeling Workshop)
- Improve documentation of systems and their processes.
  - Functional training and documentation.
  - Systems training and documentation.
  - Consultation and marketing to explain business functions.
- Provide management and financial staff level training.

II. Specific Financial Functions

A. Budget

1. Prepare Budget

- Automate interface between agency budget preparation system and transmittal to OFM. (Yates)
- Develop capability to develop, track and support distribution of fiscal notes by Legislative bills and reports on-line. (BASS Focus Group)
- Ensure system is flexible enough to address agency needs (such as tying summary level to detailed information). (Surveys and BASS Focus Group)
- Centralize decision packages and basic budget preparation tools so that versions of the budget and their status in the budgetary process can be easily accessed by employees and the public. (Surveys)
- Identify composition of base budget. (Candace)

- Integrate financial and operating data with performance measures to support decision processes. (Surveys) The current process is slow and cumbersome because performance measures are tracked through a spreadsheet and re-entered into central systems.
- Capture budget intent information.
- Capture additional capital budget information e.g., K-12 capital inventories.

2. Budget Implementation

- Develop a seamless integration of information from budget to appropriations/allotments. (Candace)
- Improve system's ability to upload data from agency spreadsheets into central system. (Surveys)

3. Budget Monitoring

- Provide legislative access to track expenditures against agency allotments.
- Improve access, query and extraction capabilities to AFRS data in real-time. Agencies should be able to easily download information into spreadsheets. (Edanna Erickson).
- Develop analytical tools to help monitor agency trends (e.g. expenditures and budget drivers). (Candace)
- Develop an automated method to obtain financial information at the activity level. (Surveys)

4. Budget Evaluation

- Aggregate full costs of meeting performance objectives rather than incremental additions to base budget, allowing agencies to track the total costs associated with performance objectives.
- Develop tools to monitor program performance and identify reasons for variance.
- Develop tools that managers and legislators can use to evaluate and determine the State's return on its investment.
- Implement an on-line method to access financial information at the activity level and to develop performance measures.

- Create expectation for performance and opportunity through visible performance measures. (Candace)
- Align agency division and program level measures. (Surveys)
- Compare budget expenditures with intent.
- Check State workforce data requirement.

B. Accounting

1. General Needs for Accounting

- Increase ability to capture the same data for use in a variety of central financial systems, such as employee identification, vendor identification, customer identification. (OFM, GA, DIS, and DOP) (Doug Tanabe)
- Improve access and ability to query detailed historical reports and information in order to review trends and patterns and customize reports. "You have more money but feel poorer."(BASS Focus Group)
- Ensure current accounting system easily integrates time sheets, billing and receivables. (Surveys)
- Automatically feed agencies' information from internal systems to OFM's statewide systems. (Surveys)

2. General Ledger Accounting

- Improve the interface between accounts receivable and AFRS. Agencies need a more standard GL system that non-accountants can operate (using transcodes) but also act as an accounting system. (Dale)

3. Comprehensive Annual Financial Report (CAFR) Preparation

- Allow agencies to submit annual financial reports electronically. (Dale Abersold)
- Automate disbursement of disclosure forms to agency directors. (Surveys)

4. Revenue Accounting

- Implement an automated cash projection capability to develop statements and analysis to build forecasting models. (Surveys)

- Improve current processes so that agencies can access up-to-date cash information at the beginning of the biennium and year-end. (Surveys) (check source)
- Improve capability to monitor fund and cash balances in dedicated funds

5. Payable and Reimbursement Accounting

- Improve process to identify point person for approval. (Yates)
- Improve process to ensure employee payment is validated. (Yates)
- Build easy-to-use-reporting tools for accounts payable that increases user's ability to drill down to detailed information.
- Improve the systems ability to manage the payment process. The system should be able to match orders to invoices and automate accruals and aged payable information. (Surveys)
- Implement an automated travel tracking system that includes electronic signature capability. (Surveys)
- Increase accessibility to web-based voucher system. Requirements include: reports to agencies and the Legislature on key cost information, reasons for travel expenditures, and integration with the new time management system. (Yates)

6. Grant and Project Accounting

- Improve visibility over pass-through grants and contracts (e.g. to state and locals).

7. Cost Accounting

- Increase the ability to determine the real costs of cross-functional or multi-agency programs, such as salmon and childcare. (Pam Davidson)
- Improve system to effectively and efficiently capture activity based cost accounting data and provide cost projections and rate analysis. (Surveys)
- Improve capability of systems to conduct internal cost transfers and allocations, allowing managers to budget at the cost center level.

8. Treasury (Banking, Investments, etc.) Management

- Improve the ability to have real-time data on current investments and banking information. This information could be assessed using the Internet.

C. Human Resources

1. Payroll Preparation

- Increase automation of time entry. (Surveys)
- Automate time and leave system so that it rolls to billing and receivables. (Surveys)
- Improve system to identify union contracted overtime rate payments under union contracts. (Surveys)
- Increase ability to meet changing requirements and add agencies, as needed. (Surveys)
- Improve data entry process so that data can be entered daily. (Surveys)
- Automate time sheet and leave system so that it integrates with payables and receivables. (Surveys)

2. Personnel Management

- Increase amount of information within and improve user accessibility to personnel database on employee, payment and position data. Information should include leave history.
- Create a unique employee identification code to be used instead of the Social Security Number. (Steering Committee Meeting, September 8)
- Allow the employees to update their own personal information, including phone number, address, etc.
- Decide on a policy to determine who is responsible for managing the personnel database.
- Ensure that all systems point to a single personnel database in order to reduce redundancy of work and keep accurate information.
- Increase manager's abilities to view their staffing profile and conduct analysis. (Surveys)
- Train users on the new system's reporting tools. (Surveys)
- Increase ability to provide current and historic data in reports. (Surveys)
- Ensure system supports recruiting and hiring processes. (Surveys)
- Update systems technology. (Surveys)
- Improve training system so that it records and schedules wait listed persons for classes.(Surveys)
- Ensure evaluation reminders are timely. (Surveys)

D. Purchasing

1. Procurement

- Improve user's ability to determine the availability of funds for purchases. Incorporate real-time financial data from the accounting system. (Purchasing Focus Group)
- Integrate purchasing system with accounting system to provide updated accounts payable information. (Surveys)
- Improve the system to include a validation feature that checks purchase approvals. (Purchasing Focus Group)
- Reduce the number of agency specific procurement statutes to increase standardized practices. (Bill Joplin)
- Standardize terminology, process and order forms to improve the overall flow and functionality of the procurement lifecycle.
- Increase uniformity in state purchasing functions. (Purchasing Focus Group)
- Automate management information and reporting functions. (Surveys)
- Implement electronic signature technology and increase use of the Internet to increase efficiencies in direct ordering. (Surveys)

2. Contract Management

- Automate confirmation of product prices and vendor rates to validate payments and expenditures. (Purchasing Focus Group)
- Increase user friendly searches of reference terms and conditions of contracts. (Purchasing Focus Group)
- Improve ability to view contracts online and query information within a contract. (Purchasing Focus Group)
- Interrelate data from multiple systems to help track and manage information on sub-contractors. (Purchasing Focus Group)
- Show consolidated spending activities by vendor for all state agencies and other public entities. Users should be able to see, either graphically or in a spreadsheet, how funds are being spent. (Purchasing Focus Group)
- Communicate contracting opportunities both internally and externally to minimize costs and increase efficiencies. (Purchasing Focus Group)
- Integrate vendor bid tracking system with accounts payable to automate ability to track payments and contract balances.(Surveys)

- Ensure the system efficiently stores and retrieves contract information, is user friendly and can produce quality reports. (Surveys)

3. Inventory

- Improve efficiency in the accounting of low valued items. (Purchasing Focus Group)
- Automate and simplify tracking and disposal. (Purchasing Focus Group)
- Increase integration of the systems used to input and maintain data for reporting purposes. (Surveys)
- Improve depreciation capabilities. (Surveys: Phyllis Hurn)
- Replace antiquated system (CAMS) with a new system. (Surveys)
- Update data on fixed assets more frequently than on a quarterly basis to ensure timeliness of data. (Surveys)
- Store and update all inventory information in one place. For example some information is located in the equipment management system (client/server) where data is not edited. Likewise, seven systems collect fixed asset information at WSDOT that is consolidated in TARTS which then is fed into SARS. (Surveys)
- Improve systems to better track consumable inventory; store vendor information and update prices. (Surveys)

Appendix B: Business Modeling Workshops

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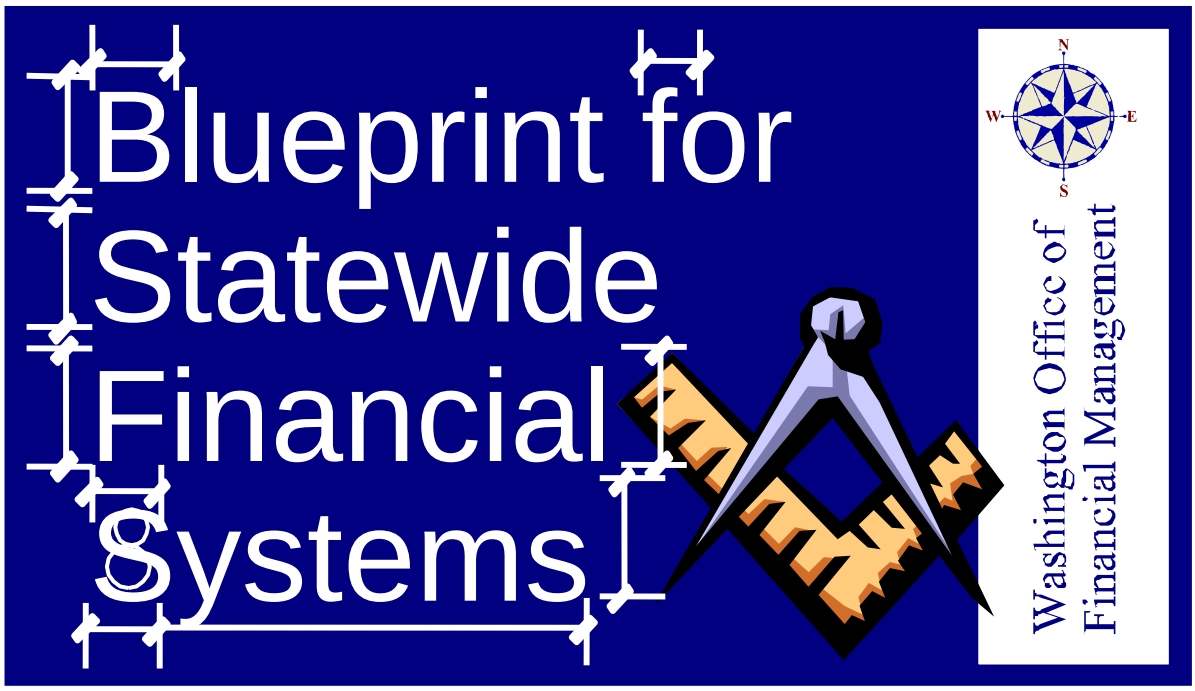
Business Modeling Workshops

Accounting, Human Resources, and Purchasing Focus Group

Washington Office of Financial Management

Enterprise Information Architecture Project



Focus Group Session

Accounting, Human Resources, and Purchasing Focus Group

October 19, 1999

Washington State Office of Financial Management
Blueprint for Statewide Financial Systems Project

Focus Group Session

Accounting, Human Resources, and Purchasing Focus Group

October 19, 1999

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Agenda

I. Today's Purpose

II. Review Preliminary Business Model Draft

III. Business Function Assessment

IV. Function Integration Assessment

V. Other Issues

I. Today's Purpose

Last Session	Identify issues and trends related to agency and statewide financial systems
This Session	**Capture additional detail on business functions and agency business practices**
Next Session	Review potential solutions to financial information needs

II. Review Preliminary Business Model Draft

- Does the preliminary business model make sense?
- How well does it capture trends and issues?
- How well does it capture financial information and system challenges? Weaknesses?
- Are all major functions listed? How well are they performed? How well are they supported by current systems?

III. Business Function Assessment

For each of these business areas:

Accounting	Human Resources	Purchasing and Materials Management

Explore:

- Understandability, Access, Reporting, and Integration Issues
- Types of Financial Information Used for Agency Management
- Major Activities of Each Major Function

III. Business Function Assessment, continued

Accounting

Accounting	Human Resources	Purchasing and Materials Management

What Are the Issues Related to:

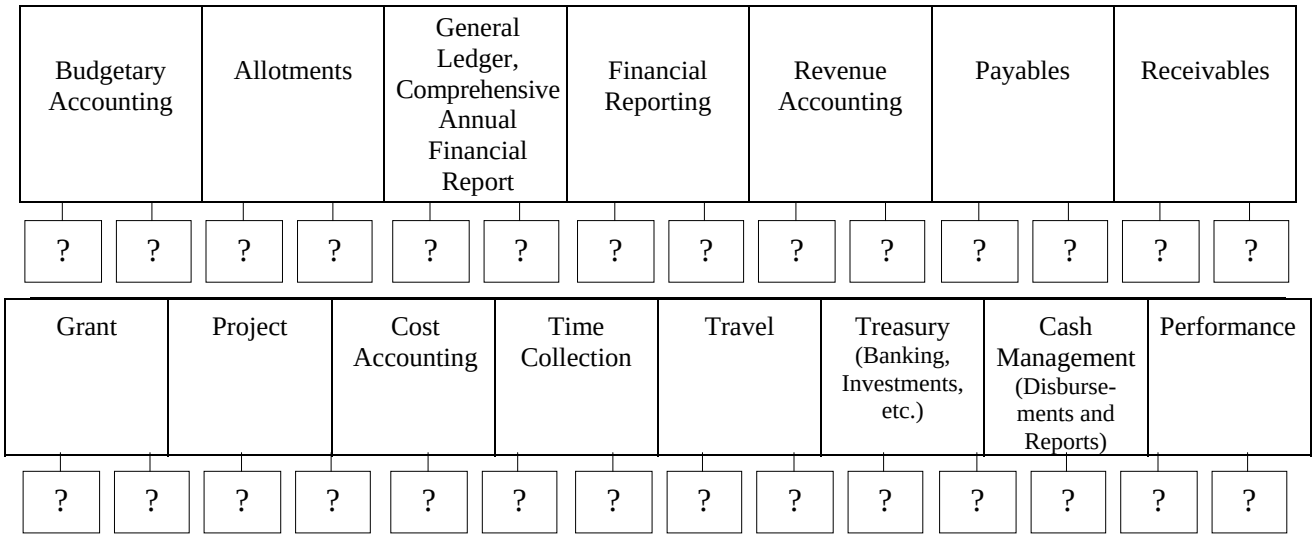
- Your Ability to **Understand** Financial Information from Statewide Systems?
- Your Ability to Easily **Report** Financial Information?
- Your Ability to Easily **Access** Financial Information?
- The **Integration** of Agency and Statewide Systems?

- What are the biggest problems?
- What are the biggest opportunities for improvement?
- What are the highest priorities for improvement?

What type of financial information from the chart below do you use to regularly manage your accounting functions?

Function/Program	Activity	Organizational Unit	Object Classes

What are the major activities that make up each of the accounting functions below?



III. Business Function Assessment, continued

Human Resources

Accounting	**Human Resources**	Purchasing and Materials Management

What Are the Issues Related to:

- Your Ability to **Understand** Financial Information from Statewide Systems?
- Your Ability to Easily **Report** Financial Information?
- Your Ability to Easily **Access** Financial Information?
- The **Integration** of Agency and Statewide Systems?

- What are the biggest problems?
- What are the biggest opportunities for improvement?
- What are the highest priorities for improvement?

What type of financial information from the chart below do you use to regularly manage your human resources functions?

Function/Program	Activity	Organizational Unit	Object Classes

What are the major activities that make up each of the human resources functions below?

Payroll	Personnel	Reporting	Time Collection
? ?	? ?	? ?	? ?

III. Business Function Assessment, continued

Purchasing and Materials Management

Accounting	Human Resources	**Purchasing and Materials Management**

What Are the Issues Related to:

- Your Ability to **Understand** Financial Information from Statewide Systems?
- Your Ability to Easily **Report** Financial Information?
- Your Ability to Easily **Access** Financial Information?
- The **Integration** of Agency and Statewide Systems?

- What are the biggest problems?
- What are the biggest opportunities for improvement?
- What are the highest priorities for improvement?

What type of financial information from the chart below do you use to regularly manage your purchasing and materials management functions?

Function/Program	Activity	Organizational Unit	Object Classes

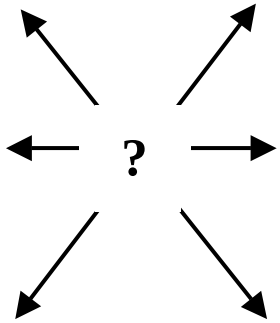
What are the major activities that make-up each of the purchasing and materials management functions below?

Procurement	Contract Management	Inventory	Surplus Property
? ?	? ?	? ?	? ?

IV. Function Integration Assessment

Where does integration occur between systems on the left and right? Where should integration occur?

Accounting Functions
Budgetary Accounting
Allotments
General Ledger, CAFR
Financial Reporting
Revenue Accounting
Payables
Receivables
Grants
Projects
Cost Accounting
Time Collection
Travel
Treasury (Banking, Investments)
Cash Management (Disbursements and Reports)
Performance
Human Resource Functions
Payroll
Personnel
Reporting
Time Collection
Purchasing and Materials Management Functions
Procurement
Contract Management
Inventory
Surplus Property



Accounting Functions
Budgetary Accounting
Allotments
General Ledger, CAFR
Financial Reporting
Revenue Accounting
Payables
Receivables
Grants
Projects
Cost Accounting
Time Collection
Travel
Treasury (Banking, Investments)
Cash Management (Disbursements and Reports)
Performance
Human Resource Functions
Payroll
Personnel
Reporting
Time Collection
Purchasing and Materials Management Functions
Procurement
Contract Management
Inventory
Surplus Property

Primary Financial System Functions

Accounting and Financial Reporting		Human Resources	Purchasing
Budgetary • Allotment • Chart of Accounts General Ledger (CAFR) Payables Receivables Travel Grant Project Fixed Asset Consumable Inventory Cost • Labor Distribution • Cost Allocations • Work Orders	Treasury Performance Reporting • Routine • Ad Hoc Cash Management • Receipts • Disbursements • Investments Time Collection	Payroll Personnel Reporting • Leave Reporting • FTE Reporting • Training	Vendor Manager Commodity Acquisition Support Contracting
Business Rules State, Federal			

Overall Issues

- Implement/Get support for enterprise architecture from other agencies.
- Can ERP be achieved? We need to take an incremental approach.
- Can small agencies afford enterprise architecture?
  - The cost for an agency to change systems is always considerably greater than estimates.
- Are we a state or a collection of state agencies?
- We should achieve integration to avoid:
  - Rekeying
  - Redundancy
- It needs to be packaged as a non-accounting system.

- It needs to relate to business and business customers.
- Information should be provided in different ways depending on audience, such as:
  - Legislative
  - Public (GASB)

  Overall, a common language that is understandable by all must be used.
- Balance
  - Information versus cost
- Balance – Do fundamentals meet other information needs (broader)?
  - Policy
  - Management
  - Systems
  - Benefit/Cost/Risk

Business Direction

- DOT
  - Salmon
    - Stormwater/Drainage
  - Gas
  - Intelligent-Transportation Systems (Technology based)
  - Accounting standards
  - Growth management
  - Credit cards/Online transactions
- DSHS
  - Using newer technologies
    - Object oriented
  - Multiple agencies
  - Outdated systems
  - Receivables

- E-commerce/Debit cards
- Grants management
- Work First
  - Caseload
  - Benefits block
  - Multiagency

- Ecology
  - Salmon
  - 695
  - GMA
  - Loans receivable
  - Water rights

- Corrections
  - Growth
    - Prison every three years
    - More government funding
  - OBTS – Offenders System
    - $7.5 Billion
  - Regionalization of financial function

- Treasury
  - New integrated
  - How relate system – AFRS

- Health
  - IRM/Data driven issue
  - Links to GIS and financial
  - Intranet
  - Credit cards
  - Links to receivables

  - Salmon

- Retirement
  - Baby boom
  - Fee crisis
  - Initiative/Imaging
    - Customer needs
    - Credit cards/Internet access

- Labor and Industries
  - Like data
  - External access, especially media providers/rehab. providers
  - Electronic payment
  - Like unique systems
  - Receiving paper
  - Large imaging

- DIS
  - 80% computer/Tel-com
  - External
    - Interface with public
  - Ability to communicate with others
  - E-commerce/Digital signature
  - K-12-Internet

Financial Information Needs

- Access – electronically
  - Who, how
- Authorization
  - Electronically
  - Storage
- Collecting data
  - According to policy
    - Financial – cost accounting
    - Non-financial
  - Eg., project, managed compatibility
- Demand for private sector accounts orientation
- Archives and auditing versus current technology
- Security and privacy
  - SSN/Personal identification
  - Address privacy
  - Vendor code/V.I.D.
  - Client confidentiality
- Access versus security balance
- Performance necessity
  - R.O.I.
  - Outcomes
  - Outputs
  - Surrogates
  - Not have data
  - Relate to law
  - Link between accounts and program performance

- Benchmarking
  - Compatibility
- Information sharing
  - Deadbeat dads
  - Between agencies
  - Within agencies
  - Leverage data to benefit all agencies

Customers

- Management/Other governing bodies
- OFM
- Legislative
- Feds
- Citizens
- Special interests (trade groups)
- Employees
- Investment comm.
- Local governments
- Business community
- Service providers
- Other agencies
- Other states
- Rating bodies
- Press

Central Systems

- Strengths
  - Uniformity
    - Common data
    - Business structure rules

  - Support P??/Centralized
  - Efficient
  - Control

- Weaknesses
  - Old – HRISD, AFRS
    - Maintainability
  - Not accommodate unique needs
    - Payments to injured workers (decision rules)
  - Big and costly for small agencies
  - Complexity and usability
    - Evolved
  - Not interface
    - AFRS – CAMS
  - No contemporary user interface

Agency Systems

- Strengths
  - Flexibility (FS, GA, AR)/(billing documents, AR training)
  - Level of detail
  - Easier to get money to notify
  - Access/Use
  - More information/Targeted

- Weaknesses
  - Cost to support
  - Comparability with centralized systems (Fis. cut-off authorization)
  - Reconciliation
  - Duplication of effort
  - Require special skills

Appendix C: Interviews

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Washington Office of Financial Management
Interview Results Chart

	Pam Davidson	C. Espeseth	Maureen Morris	Wolfgang Opitz	Nick Pender and Gary Robinson
II. Status of Current Financial Systems					
A. Trends	The legislature wants OFM to apply a more cookie-cutter approach to agency structures and related systems, telling them how to account for costs.	–	–	There is pressure from higher education to have less oversight and government involvement.	Customer bases are blending into fewer, but larger, groups. Balanced scorecard approach is gaining more and more momentum. More state agencies/functions are moving in the direction of performance-based budgeting.
B. Overall Strengths and Weaknesses					
1. Strengths	Accurate financial info. is being distributed.	The historical budget program has value – don't add coding elements unless they are achievable and worthwhile. Performance measures add visibility to high priority policy objectives, create expectation for performance, and opportunity for accountability.	–	There are lot of forecasting capabilities. Community colleges are very responsive to change.	OFM offers a lot of specialized databases and services that agencies are not aware of, but that may be of benefit to them.
2. Weaknesses	Data does not always meet standards, as it is sometimes inconsistent with other similar info.	Is unsure of how budget will link to other admin. initiatives. Currently the decision package cannot be used to manage the budget. Traditional agency coding structure sometimes gets in the way of determining costs of accomplishing strategic objectives – "theme coding." No ability to evaluate the success of broad strategies, such as which work best.	–	All the basic work is done outside of WinSum. WinSum is something he feeds in the end; doesn't use it as a decision tool. Communication between agencies and institutions could improve. Performance measures are difficult, if not impossible, to apply to higher education. Info. cannot be compared because agencies and institutions use different codes, names, and consistencies. It is difficult for the state to determine its return on investment. SBI collects a lot of info. but doesn't use it.	There is no central way for agencies to manage contracts. There is no way for the state to manage or track grants.
III. Desired Financial Systems Blueprint					
A. Objectives	An overall, electronic orientation should occur. Financial info. should be dispersed efficiently. More data will be integrated. Sufficient data will be available to answer financial questions.	Seamless integration from budget to appropriation. Keep the budget intent alive throughout the biennium. Reports should be able to answer the question of why the budget intent didn't get accomplished.	–	It must be useful for staff to manage their work or else they will ignore the system. If it's not going to be a useful tool, why bother to change. Performance measures must be very systematic in order to be effective.	Architecture should provide benchmarking and principles for new applications. Architecture should provide a certain level of consistency in applications. Should enable the governor, legislature, and agencies to be successful.
B. Functional Descriptions	–	–	–	–	–

	Pam Davidson	C. Espeseth	Maureen Morris	Wolfgang Opitz	Nick Pender and Gary Robinson
C. Business Requirements	Agencies are not breaking down major cost centers effectively; they should only be able to do so electronically. Performance-based budgeting needs to be practical and useful for agencies that write it. Applications don't talk to each other between agencies, OFM, and the legislature. Commonly asked questions about financial info. should be on the web. Budget history should be electronic and all in one place. A budget data warehouse should be developed. All steps of the fiscal note development, revision, and distribution should be electronic and linked to legislative bills and reports online. There should be a way of looking at program-wide issues, like salmon.	Would like improvements to high level management reports, to focus on relevant key indicators and give notice when a supplemental budget is necessary. Needs managerial, analytical tools to help monitor agency quarterly trends. Focus of risk perspective – integrate performance measures, revenue, FTEs, fund balance, turnover. Include outside factors like case workload, effects of lawsuits, union issues, etc. There are probably broad strategic objectives that are consistent from year to year that could be integrated into the coding structure. Agency activity inventory reports are a good start, but what about admin. costs or activities that are not accounted for consistently across agencies, like IT? They can only monitor funds that are separately appropriated and don't track the costs in the base budget of work they're already doing. So, she would like to know the total costs associated with a performance objective.	–	He thinks of financial info. with a system-wide view, while agencies have an institutional point of view. The capital inventory is only 80% accurate at best, which hurts planning abilities. Budget reduction exercises are difficult and complicated to conduct. Higher education is not responsive unless pushed hard, and then they're still slow. They must transact with each school district differently.	There needs to be more positive support for data standards. State agencies that provide info. to users, such as the public, need to have a certain level of compatibility to foster as much "one-stop" shopping as possible; there needs to be a convenience store operator mentality with easy access to systems. Budget notes should be accessible electronically, including the public and legislature. Agencies should have access to the current version of the policy database.
IV. Guidance for Blueprint Development	–	What resources are essential; what are agencies really doing?	–	To effect change, collect the data. For one-time assessments, research projects are fine.	–

Interview Results, continued

	Randy Hodgins	Brad Lovaas	Victor Moore and Beth Redfield	Doug Tanabe	Mile Wills
II. Status of Current Financial Systems					
A. Trends	Performance measures come up about once every 20 years. The way budgets are presented now, you have to be a professional budget reader, and new legislative members can't understand them. There is increasingly higher legislative turnover, and more and more members know next to nothing about state government. The funds and accounts were great when they were set up, but things like cigarette tax revenue are declining.	There's becoming more need for cross-agency (salmon) capability.	There is less tolerance for incremental budgeting.	Agencies are developing their own HR systems; this creates a problem because DOP has to develop a series of interfaces to work with them.	–
B. Overall Strengths and Weaknesses					
1. Strengths	The info. that is out there now is generally what people want to know. Very few government functions go away.	Washington is a leader in accounting systems and structure. They have a good accounting base and should build upon that.	Info. from OFM is "clean" and "clear."	–	The system interface is clean enough for everyone to use – a manager can see what they're doing with a click of the screen. They love activity reports – they help legislators understand what agencies do; it's the most useful thing OFM does. The data detail gets down to a gnat's eyelash.

	Randy Hodgins	Brad Lovaas	Victor Moore and Beth Redfield	Doug Tanabe	Mile Wills
2. Weaknesses	They ask a question and get three answers from three agencies – data consistency is more important than data availability. They need to do more pooling so the bad years for certain funds can be subsidized by other money. The last minute solution is to bring over money from the general fund. They don't get access to detailed data often enough. There was no buy-in on the legislative side for performance measures. The program structure is not low enough and doesn't break the information into meaningful chunks. The recommendations summary structure in the budget presentations doesn't tell anyone anything. There can be a lot of difference of opinion between policy makes and executives.	Allotment variances reports don't deal with transportation funds. The general fund is about half the spending. They have lots of reports where they can't plug in the numbers. They like to know the dollar amounts for programs and would like a consolidated picture on one page. It's frustrating to figure out what the agencies are trying to tell him. A big problem they have is with the definitions they use. Timeliness is a huge issue – there are a couple months' lag in report info.	Info. is not always at the level of detail needed (sub-sub-program level). Not all accounts or functions managed by OFM and regularly needed are institutionalized (such as 601 calculation and estimation).	–	AFRS reports are difficult and clunky to use, never nice and easy. There are stale quarterly reports that are not useful, such as the variance report, which is required by the budgeting act. It's a useless requirement. They get reports that everything is okay and to keep going on as usual, although they are overspent. The baby step in performance budgeting didn't take off. Queries are terrible to run. Revenue is broken into so many funds, and new members are frustrated that they don't see the other dedicated funds. Data is being captured, but the reporting needs to be cleaner and crisper.
III. Desired Financial Systems Blueprint					
A. Objectives	They need to see problems before they happen and help to monitor them.	They should have flexibility. He would just as soon let everyone have access to his info.	Financial info. should be directly available.	Continued integration amongst central financial info. providers. Give the legislature an idea of financial systems priorities. Executive managers need to know there is a plan and how big an enterprise project is. Provide individual agencies moving toward new technology with a checklist and guidance. Architecture should be mainstream and include technology, infrastructure, and policies.	Every manager should be able to look online and see how they are doing.
B. Functional Descriptions	–	–	–	–	–

	Randy Hodgins	Brad Lovaas	Victor Moore and Beth Redfield	Doug Tanabe	Mile Wills
C. Business Requirements	It's a huge source of frustration when they learn they're overspent vs underspent. He is concerned about the consistency of data and if OFM is maintaining the same thing as LEAP or other agencies. Nothing frustrates them more than getting three answers for the same question. It's not data availability so much as data consistency. The actual agency spending plan would be worth seeing. They want a traditional line item budget. The technology exists to do things, but is the data there and is someone checking it?	They need cost accounting and need to know the specifics. The biggest thing for reporting is flexibility – to get away from the "other" category. The manager who uses the system has to have their view of the world. He would like sub-programs. The agencies are focusing on excruciating detail. They need to focus on policy and programming decisions instead. They need good reporting on the actual fund source, not an aggregate. Agencies shouldn't budget by object. The budgeting systems could have more components to allow for more decision making, and have info. available on what the base amount is. He would like six-year outlooks. It would be helpful to click and get some historical data, too. Build a budgeting system that has a trend based on historical data, so you can see the trend line prior to making a decision. Questions they get asked when they present a budget are: What does it mean, and what did it do in the past?	Info. provided to the legislature is inconsistent from agency to agency, so it is difficult to make reasonable comparisons. Definitions of things like "overhead" or "administration" are problematic. Direct access is needed to the allotment system. Direct access is needed to RevSum. Need an electronic fiscal note system. Cross-program objectives, such as salmon, are difficult to measure across agencies – but what is the benefit and cost of doing this.	Having so many agencies do their own HR raises data integrity needs. Agencies should be held more accountable for putting accurate info. into the system the first time. Public needs and overhead operations are often at odds with each other, as even the simplest attempts to better meet public needs (such as the Gov's edict to have more electronic forms for the public online) have a lot of hidden costs and require extensive process re-engineering.	Giving WinSum to all agencies would be a no-brainer. OFM doesn't have an automated fund balance report. Every time someone asks for one, someone has to create one from scratch to get the answer, and the data still isn't good. They either need more staff, to consolidate the funds, or more monitoring. It would be easier to manage in bigger chunks, but it will never see the light of day because people will object. They'll fight it tooth and nail. More eyes are a good thing, and it could happen with better reporting systems. A monitoring system would look like the expenditure system – you compare collections with expenditures. AFRS has a revenue monitoring system, but agencies don't care about it – once they get their money, that's what they manage. You have to figure out a way for agencies to get a fair share without having a dedicated source of funding.
IV. Guidance for Blueprint Development	–	People need to understand there will be fewer services with less money.	Look at the overall benefits and costs. Research is done manually – don't have a need for an elaborate system.	A generic, statewide leave approach is not feasible. Assess impact on employees and users. Know the real issues and investment, including costs and risks. Clear return on investment. Should be able to accommodate policy.	–

Meetings

	Steering Committee September 9	BASS Focus Group September 24	Steering Committee October 19	BASS Focus Group October 19
II. Status of Current Financial Systems				
A. Trends	In Washington they shy away from architectures, but Washington is more tactical. Many agencies have internal systems that supplement the state systems. Everyone wants their own system.	Legislators need more detailed info. to make decisions. Agencies need more data for budget development.	–	–
B. Overall Strengths and Weaknesses				
1. Strengths	BASS is a good cross-section of representatives.	Budget versions are available for different agencies. Data being leveraged internally for many purposes. Electronic fiscal notes. AFRS has a lot of flexibility.	–	–
2. Weaknesses	The central systems aren't meeting their needs. The systems are going to stop working. E-commerce is a big need with citizens and state agencies, and the old systems can't meet that need. There is a lack of integration. The systems don't communicate with each other and can't interface, or at least they have a really difficult time doing so. They need to relate better to the public at large. The systems are very monolithic. Every time they build a new system, they replicate a bunch of info. so that the new system can do something with it in a new way.	Systems don't communicate. Info needs to be better linked to make budget decisions. Macro- and micro- perspectives of financial info. are not well addressed. Some programs are not used enough because of level of detail and lack of top level commitment to data. AFRS has too much flexibility. Difficult to access detailed, historical looks at info. to review trends/patterns. Difficult to answer functional questions, such as how much is spent on child care. Difficult to determine what a budget base is for a program. No key management indicators.	–	–

	Steering Committee September 9	BASS Focus Group September 24	Steering Committee October 19	BASS Focus Group October 19
III. Desired Financial Systems Blueprint				
A. Objectives	Be "useful" and "focused" and practical. Be actively used and not sit on a shelf. "Zoom" agencies into results. Streamline the technology process, not add another layer of bureaucracy. All the activities will fit together in a planned manner so that systems support business functions in a way that is easy for their customers, meets their needs, is cost effective, and enables them to move together. Focus on key business functions. They don't have a big appetite for a big ERP implementation, but they think they can get the benefits of an ERP systems through an incremental planned approach. It will give them the planning, suggest the increments, show them the pieces and the sequence that makes sense, and tell who will be responsible for them. When it is time to do things, then this model will show them how to do it. They will have a model of how to do it and the underlying principles for it. It will point out the info., deficiencies, and opportunities for improving. It will put things in a broader perspective.	Blueprint should address standard setting & compatibility.	–	–
B. Functional Descriptions	Don't get overly differentiated between budgeting and accounting. The distinction between accounting and service delivery is getting fuzzier.	–	–	–
C. Business Requirements	How will the touch points be mapped out? Transcending how functions are supported and what they really want to do will be a challenge. They prohibit agencies from buying software that addresses central agency functions. People need to know the priority list and that decisions were based on the blueprint.	Transit fiscal notes electronically faster. Biennial vs. annual reconciliation.	–	–
IV. Guidance for Blueprint Development	There are costs associated with the lifecycles that can be higher or lower depending upon how you plan them. It means extra work for them if they create something unreasonable. A great benefit will be a common framework for them to talk about what needs to be done at the executive level – it makes sense, all the pieces fit together, and you can't move one part without affecting another. They can see they're weak or strong in certain areas.	More data costs more money to manage; this is often not obvious to those who want to have it developed.	–	–

Appendix D: Steering Committee Meetings

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September 8, 1999

November 4, 1999

December 3, 1999

January 5, 2000

Steering Committee Meeting

September 8, 1999
1:30 p.m.
Room 106, Point Plaza Building, Tumwater, WA

I. Introductions

Bruce Gorsky reviewed the purpose of the meeting and asked for introductions. Those in attendance included (in seating formation):

Name	Organization	Phone
Bruce Gorsky	Office of Financial Management	360-664-7690
Susan Dodson	Office of Financial Management	360-664-7689
Bill Dye	Dye Management Group, Inc.	425-637-8010
Linda Bremer	Department of General Administration	360-902-7406
Ron Carignan	Office of Financial Management	360-664-7759
Nick Pender	Office of Financial Management	360-902-0637
Sadie Rodriguez-Hawkins	Office of Financial Management	360-664-7650
Candace Espeseth	Office of Financial Management	360-902-0565
John Saunders	Department of Information Services	360-902-3526
Doug Tanabe	Department of Personnel	360-664-6360
Dennis Jones	Office of Financial Management	360-664-7695

Bruce Gorsky explained the initiative for the project, primarily that they did not have a good set of tools to make decisions for managing the state's resources and technology. There is significant statewide demand for new systems, innovative methods, and improved data. The project requires the assistance of other agencies and disciplines to build a vision, or blueprint, of the future to follow.

Bill Dye said he would follow the meeting agenda, titled "Enterprise Information Architecture Project: Blueprint for Statewide Financial Systems."

II. Project Objectives, Work Plan, and Organization

Information architecture is defined as a future direction that has some rigor and structure to it. The approach is business oriented; the project objectives are to document the business functions and needs, and to provide a framework for data and application sharing.

Project Objectives:

- Develop, understand, and agree upon major business functions, information requirements, and rules.
  - Over time, all the activities will fit together in a planning manner so that systems support business functions in a way that is easy for their customers, meets their needs, is cost effective, and enables them to move together.
  - The data must have a benefit and have a return on investment.
- Provide a framework for data sharing and application construction and re-usability.
  - The current systems are old and cannot accommodate all of their needs.
- Control redundancy of data.
  - This is not cost effective; many agencies are trying to get a handle on this.
- Decrease delivery time for new application development.
  - There is a mandate from the governor to bring a new purchasing application online very quickly and integrate it with other systems.
  - There should be a way to develop systems quickly within an overall framework.
- Establish criteria for evaluating the "fit" of potential commercial software purchases.
  - What is the role of enterprise resource planning (ERP), and is it a potential solution?
  - The state is increasingly going to performance-based budget ways and has started quality initiatives.
  - The model is not meant to provide justifications for certain systems, but to provide a plan for how to implement it when the time comes and identify deficiencies and opportunities for improving.

Major Work Products

- Functional Business Model
  - The functional business model will identify financial business functions independent of systems.
- Data Model
  - The data model provides the first step toward a standard statewide architecture.
- Applications Model
  - The applications model will help determine future software solutions.
- Technology Model
  - This is not included in the current scope of work but will eventually identify hardware and telecommunication needs.

Work Plan

- The project is scheduled to end in January, with February planned for contingency.
- The preliminary business model is underway, and OFM's systems are being documented.
- Other states are being surveyed to see who is implementing ERP software, and to see who has enterprise architecture systems and their stages of development.
- Executive interviews will be conducted, and workshops will be held with two focus groups.

Organization

- The steering committee will guide the project.
- Bill Dye is the consulting project manager; Bruce Gorsky is the OFM project manager. Sadie Rodriguez-Hawkins and Candace Espeseth are the project sponsors.
- Increasing the number of steering committee members is debated, and specific agencies/representatives are suggested for membership. They are:
  - Eva Santos, Department of Labor and Industries
  - Maureen Westgard-Long, Department of Retirement Systems
  - Kathy Baros Friedt, Employment Security Department
  - Charles Reed, Department of Social and Health Services

Focus Group Members

- Accounting and Payroll – ten committed members, others invited
- Budgeting – using the BASS Executive Committee

Steering Committee Role

- Advise on state business and policy direction.
  - The team needs to understand this context.
- Review and comment on work products.
  - Steering committee to comment on preliminary business model, detailed business model, current systems/technology report, and application architecture report.
  - If the steering committee does not accept a product, it will not be implemented. Part of the role is to be advocates for the blueprint.
- Make policy decisions and set priorities.
- Ensure that work is useful and implemented.
  - Product must "zoom" them into results and be useful, meaningful, and practical.

Meeting Schedule

- Four more anticipated steering committee meetings for deliverables review.

III. Other Member Issues

- Do not overly differentiate between budgeting and accounting.
- Purchasing should be explicitly identified as part of the scope of work.
- Do not duplicate previous customer survey efforts.
- Deputy directors sometimes prefer things in “stovepipe fashion” and have their own applications.
- The state needs to relate better to the public at large; e-commerce is a big need.

Steering Committee Meeting

November 4, 1999
10:00 a.m.
Third Floor Conference Room, Insurance Building, Olympia, WA

I. Introductions

Bruce Gorsky reviewed the purpose of the steering committee and intent of the meeting.

Bill Dye asked for introductions. Those in attendance included (in seating formation):

Name	Organization	Phone
Bill Dye	Dye Management Group, Inc.	425-637-8010
Eric Roecks	Dye Management Group, Inc.	425-637-8010
Dennis Jones	Office of Financial Management	360-664-7695
Candace Espeseth	Office of Financial Management	360-902-0565
Gary Robinson	Office of Financial Management	360-902-0528
Bruce Gorsky	Office of Financial Management	360-664-7690
Charles Reed	Department of Social and Health Services	360-902-7750
Barry Rau	Sterling and Associates	360-956-9064
Sadie Rodriguez-Hawkins	Office of Financial Management	360-664-7650
Eva Santos	Department of Labor and Industries	360-902-4214
Doug Tanabe	Department of Personnel	360-664-6360
John Saunders	Department of Information Services	360-902-3526
Linda Bremer	Department of General Administration	360-902-7406
Maureen Westgard-Long	Department of Retirement Systems	360-664-7309
Kathy Baros Friedt	Employment Security Department	360-902-9304
Susan Dodson	Office of Financial Management	360-664-7689
Ron Carignan	Office of Financial Management	360-664-7759
Clare Donahue	Department of Information Services	360-902-3300
Phyllis Hurn	Department of Social and Health Services	360-664-5850

Bill Dye said he would follow the meeting agenda, titled “Enterprise Information Architecture Project: Blueprint for Statewide Financial Systems.”

II. Project Purpose and Status

A map of the direction is needed so as not to overlap projects. The blueprint is a guide to move forward in the future.

Project Objectives/Goals

- **Integration between financial systems.** There are hundreds of agency financial systems, around 500. A byproduct of integration should be efficiency. Integration at the application level may be impossible; integration at the data level is realistic.
- **Efficiency in application, distribution, and reporting of financial data.** There is a lot of data and accessing it is not always easy. Users do not always get the information they need.
- **Boundaries that provide clear guidance.** What should the project focus on, and what should the role of agencies be?
- **Standards to establish clear financial information guidance.** The notion of standards underlies everything. In order to integrate, things must be defined more consistently.
- **Access to financial information by all customers.** The public is a potential customer. The way agencies provide access to customers needs to be reviewed; the e-commerce initiatives are a recognition of this.

Major Work Products

- **Functional Business Model.** The project is trying to take a step back from the systems and see what functions they perform in the budgeting, accounting, human resources, and purchasing areas. They are trying to understand the functions independent of the systems.
- **Data Model.** The data model helps to figure out how the functions relate to the data. They are using data architecture approaches and assessing the opportunities and roles there.
- **Applications Model.** Is there a need for a new application or enhanced systems? Should they employ Enterprise Resource Planning software? The project may not answer these questions, but they will have a better idea about the basic strategies to put in place.
- **Technology Model.** The anticipated technology model will address hardware and telecommunication strategy requirements, but it is not included in the scope of this project.

Work Plan

- The project is scheduled to end in January, with February planned for contingency.

Organization

- This steering committee is a sub-committee of the e-commerce steering committee, and has a reporting relationship with that group.
- New line agency members have joined the steering committee since the October meeting.
- There are two focus groups meeting at least three times each.

Steering Committee Role

- The steering committee is to provide guidance and adapt the focus and objectives as necessary.
- The steering committee will comment on and approve the business models and provide definitions for use in the project.

Project Status

- **Phase 0 – Completed.** Developed a more detailed project work plan, received guidance, and conducted scoping interviews.
- **Phase 1 – Completed.** Developed the Preliminary Business Model, held focus groups, and conducted executive level interviews to supplement information.
- **Phase 2 – In Progress.** Initiated work on the detailed business model and refined the Preliminary Business Model.
- **Phase 3 – In Progress.** Identified work products and sent an email survey to state agencies.
  - Many agencies have yet to provide all the requested information; only 13 surveys have been returned. Steering committee members should verify that their agencies have completed the survey and have given any other needed information.
  - Follow-up phone calls should be made to prompt agencies to fill out the survey; many survey recipients forwarded the survey to others more capable of answering the questions. Future surveys should not be as lengthy and also be sent to the steering committee members.
- **Phase 4 – Initiated.** Profiling agencies' systems and developing the data architecture.

III. Preliminary Business Model

- Asset depreciation needs to be addressed.
- The statewide impact from any institutional change must be considered.
  - Changes made to the state financial systems could affect hundreds of agencies and local governments and generate unexpected costs. They are driving the standards, and external agencies react strongly if they are not included.
  - A possible criterion is 'reach,' or how many people a change reaches. For example, all employees take leave, so making that process a minute faster is significant.
- Data accuracy is a paradox; it is cited as both a strength and a weakness.
- The lack of institutional knowledge and skill needs to be better emphasized.
  - They may want to implement an ERP system, but might not have the skills for it; they need to assess that risk factor. They need to determine if they have the skills to support or utilize the technology they recommend. If there is not adequate training, it will not be beneficial.
  - Agencies like DSHS must train employees to be financial systems liaisons, and train financial staff how to work with information technology staff.
  - Staff need to develop the analytical skills to anticipate problems, spot trends, and think down the line. Too much time is given to entering data instead of analyzing it and raising a red flag for management.
- Self-sufficiency by the agencies should be a driving principle and focus.
  - A central body cannot analyze information for all state agencies, so they need to put tools and training in the hands of the people closest to the data – not managers, but others in the agency.
- A color-coded reporting system would indicate vital information in a simple manner.
- The definition of a statewide financial system needs to be made.

Office of Financial Management

Blueprint for Statewide Financial Systems

Steering Committee Meeting

December 3, 1999

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AGENDA

I.	Introductions	Sadie Hawkins/Candace Espeseth, OFM
II.	Status Report	Bill Dye Dye Management Group, Inc.
III.	Work Products High Level Summaries of: – Information Resource Catalog – Detailed Business Model – Data Architecture	Bruce Gorsky, OFM
IV.	Decisions – Treatment of Enterprise Resource Planning Software (ERP) – E-Commerce – Enabling Technologies in Agencies	Members
V.	Other Member Issues	Members
VI.	Next Steps	Bruce Gorsky, OFM

Steering Committee Meeting

December 3, 1999
1-3:00 p.m.
First Floor Conference Room, Point Plaza Building, Tumwater, WA

I. Introductions

The meeting began at 1:05 p.m. in the first floor conference room at the Office of Financial Management (OFM) in the Point Plaza Building. Sadie Rodriguez-Hawkins opened the third steering committee meeting and asked for introductions. Those in attendance included (in seating formation):

Name	Organization	Phone
Janet Leach-Ruth	Employment Security Department	360-902-9423
Eva Santos	Department of Labor and Industries	360-902-4214
Doug Tanabe	Department of Personnel	360-664-6360
Phyllis Hurn	Department of Social and Health Services	360-664-5850
Keenan Konopaski	Sterling and Associates	360-956-9064
Charles Reed	Department of Social and Health Services	360-902-7750
Dennis Jones	Office of Financial Management	360-664-7695
Dave Tusberg	Dye Management Group, Inc.	425-669-7973
Grant Fredricks	Department of General Administration	360-902-7203
John Saunders	Department of Information Services	360-902-3526
Jeff Wickman	Department of Retirement Systems	360-664-7303
Ron Carignan	Office of Financial Management	360-664-7759
Bruce Gorsky	Office of Financial Management	360-664-7690
Bill Dye	Dye Management Group, Inc.	425-637-8010
Sadie Rodriguez-Hawkins	Office of Financial Management	360-664-7650
Linda Bremer	Department of General Administration	360-902-7406
Nick Pender	Office of Financial Management	360-902-0637
Candace Espeseth	Office of Financial Management	360-902-0565

Sadie Rodriguez-Hawkins said that Bill Dye would give an update and Bruce Gorsky would discuss work products, and then they would make decisions on membership, discuss other issues, and close with other steps.

II. Status Report

- The project is looking at all of the needs for moving forward.
- If the business processes aren't supported then the project won't achieve the desired efficiencies.
- Do they have the right technology? The solutions may be applications, policy changes, or training – they are all on the table.
- There are a lot of transactions that must be managed and can increase or decrease costs.
- The state is facing serious mandates from the governor and Initiative 695.
- The team is sorting through issues, identifying problems and potential solutions, and finding the biggest return on investment.

III. Work Products

- Information Resource Catalogue
  - Provides current perspective.
  - Identifies and profiles central financial systems: location, operation, interfaces, platform.
  - Identifies the capabilities, shortcomings, diversity, and owners.
  - Contains relationship diagrams that will indicate what to do with data.
- Detailed Business Model
  - Provides current and future perspectives.
  - Identifies which systems have multiple business functions tangled together.
  - Asks if a lot of people use a system, what business they do, what they use it for, and why.
  - Proposes that it may be beneficial to have more independent systems.
  - Identifies opportunities for improvements, but does not do extensive re-engineering.
  - Evaluates current systems from a fresher, longer-term and business point of view.
- Data Architecture
  - Provides future perspective.

- Proposes that data be stored on a person basis: employee, customer, vendor.
- Indicates how the data and relationships should be.
- Creates and contrasts views of how the structure should look from data and application sides.

IV. Decisions

- Enterprise resource planning (ERP) software
  - All options are on the table and should be researched from government and private views.
  - ERP should be considered due to its viability and not because it is in vogue.
  - ERP requires that the customer adapt to the application; ERP does not adapt to the client.
  - Al Enzweiler can be invited to speak if it would be helpful.
- E-commerce
  - Numerous e-commerce activities are taking place on multiple levels.
  - The steering committee must take the lead if the e-commerce committee is hesitating.
  - The blueprint for financial systems will last longer than e-commerce initiatives.
  - The interdependencies between the two committees should be mapped and given examples.
  - A one-stop government services internet site should not be chaos on the government end.
- Enabling technologies in agencies
  - Agencies are divided into the have's and have-not's.
  - There are multiple offshoots and varieties of this problem.
  - If the state cannot meet the needs of its agencies, it cannot meet the needs of the public.
  - This is a separate issue that should not distract the committee from the current scope.

V. Other Issues

- Extent of statewide standardization.
- Availability of an executive level project document.
- "Blueprint" versus "architecture" – semantics.
- The treasurer is interested in joining the steering committee.

VI. Next Steps

- Continue to validate work products and receive guidance from committee.
- Think about what kind of government structure or process is used to utilize the project results.
- Must start thinking about the process and long range, past the immediate work products.

Washington State Office of Financial Management
Blueprint for Statewide Financial Systems Project

Steering Committee Meeting

January 5, 2000
9:00 a.m. – 11:00 a.m.

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Agenda

I. Introductions	Sadie
II. Project Status	Bill Dye
III. Application Model	Bruce Gorsky

- Overview
- Relationship to E-Commerce

IV. Project Next Steps	Bill Dye/Members
V. Other Member Issues	Members

Steering Committee Meeting

January 5, 2000
9-11:00 a.m.
Room 114, Point Plaza Building, Tumwater, WA

I. Introduction

The meeting began at 9:05 a.m. in Room 114 at the Office of Financial Management (OFM) in the Point Plaza Building. Sadie Rodriguez-Hawkins opened the fourth steering committee meeting and thanked everyone for attending. Bill Dye will present a project status report, Bruce Gorsky will discuss the relationship to e-commerce, and then they will discuss member issues. She asked for introductions; those in attendance included (in seating formation):

Name	Organization	Phone
Ron Carignan	Office of Financial Management	360-664-7759
Bruce Gorsky	Office of Financial Management	360-664-7690
Phyllis Hurn	Department of Social and Health Services	360-664-5850
Barry Rau	Sterling and Associates	360-956-9064
John Saunders	Department of Information Services	360-902-3526
Lance Calisch	Department of Information Services	360-902-3552
Charles Reed	Department of Social and Health Services	360-902-7750
Elaine Emans	Office of the State Treasurer	360-902-8900
Eva Santos	Department of Labor and Industries	360-902-4214
Sadie Rodriguez-Hawkins	Office of Financial Management	360-664-7650
Dave Nelsen	Department of Retirement Systems	360-664-7163
Candace Espeseth	Office of Financial Management	360-902-0565
Debbie Meach	Department of Personnel	360-664-6365
Gary Robinson	Office of Financial Management	360-902-0528
Dennis Jones	Office of Financial Management	360-664-7695
Kathy Baros Friedt	Employment Security Department	360-902-9601
Grant Fredricks	Department of General Administration	360-902-7203
Bill Dye	Dye Management Group, Inc.	425-637-8010
Cheryl Hainje	Office of Financial Management	360-664-7691
Rick Veit	Dye Management Group, Inc.	425-637-8010

II. Status Report

- Work Completed
  - Preliminary Business Model
  - Business Model (provides overall rationale and guidance for moving forward)
  - Current Systems and Technology (inventories computer systems in use and their interfaces)
- Work in Finishing Stage
  - Data Architecture (provides a map back to the data and is essential for integration)
  - Application Architecture (determines necessary requirements for future software)
- Work to Come
  - Final Report
  - Executive-Level Summary (non-technical version of final report requested by committee)

III. Application Architecture

- Principles
  - Principles should be simple and remain true throughout the models, such as work flow.
  - Standardized hardware and software is a basic requirement, but difficult to achieve.
  - Policy will need to be changed to accommodate new principles.
  - A balance must be struck between creating a public data asset while preserving privacy.
  - Data must be managed in the same manner as water and forests.
- Financial Functions
  - The four financial functions – accounting, budgeting, human resources, and materials management – have been and always will be performed by state government. The functions remain constant, but who is responsible for performing these functions may change.

- Processing Systems and Data Stores
  - This diagram illustrates the creation of data and its processing (future viewpoint).

    Pink – data stores used by multiple business functions.

    Yellow – necessary systems in a business function.

    Blue – individual data sources.
  - Some areas may not be included, but the idea is to think in terms of business functions.
  - The diagram shows how data and systems might interrelate.
  - "Natural partners" are those with high concentrations of connections.
  - In order to follow issues such as salmon, policy needs to change to code and track it.
  - Connecting lines will change as business changes and responsibilities grow and/or shift.
- Decision Support/Reporting Systems and Data Marts
  - This diagram illustrates the reporting of data; no data is being created (future viewpoint).
  - Data is extracted and aggregated to allow decision making.
- Relationship to E-Commerce Initiative
  - An architecture will provide one entrance point to state government instead of many.
  - The project approaches e-commerce from the financial systems realm, and indicates how a digital government plan can be implemented.
  - With an architecture and blueprint, government agencies might not venture online independently or haphazardly.
  - The steering committee's role is to provide guidance (the "what") and does not duplicate the Technical Architecture Advisory Group's (TAAG's) efforts, which have a more technical focus (the "how").
- ERP
  - Ongoing research is being conducted regarding ERP solutions and will be further presented at the next meeting.
  - ERP is modular in structure, and allows certain systems to be replaced as needed. For example, AFRS may still be useful but require a new travel reimbursement component.
  - ERP software is highly integrated.

IV. Next Steps

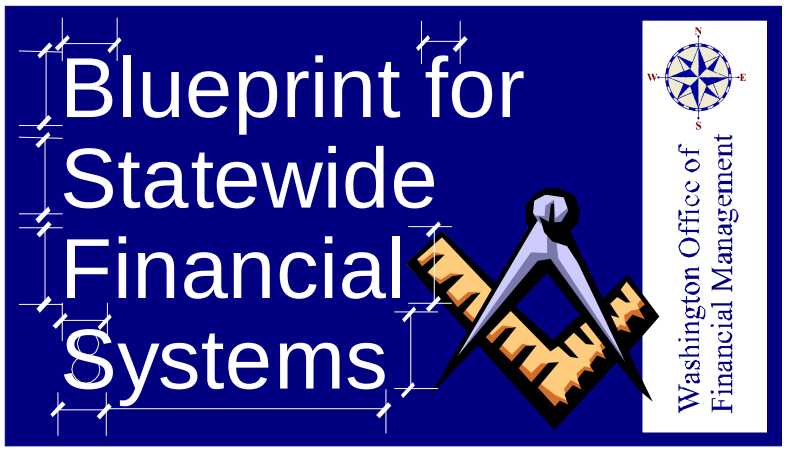
- Clarify relationship to e-commerce (needs, strategic planning).
- Validate value proposition (purpose, common vision, shared resources).
- Identify ways to do business in the future.
- Make project achievable and possible of smaller scale; evaluate the success factors of previous projects.

V. Other Issues

- Systems should reflect how state government should be in ten to 20 years, not how it should be now. They do not require a perfect e-commerce product, but a workable one.
- Identify a specific business need and then determine the right technology to support it; do not find a technology and apply it broadly in hopes of making improvements.
- Avoid large-scale work; approach the project incrementally and in small steps.
- Some agencies have hesitated to change their procedures and use technological tools made available to them.
- Solutions may be staff-based and not technological; sometimes increased employee training should be implemented instead of new technology.

Washington Office of Financial Management

Enterprise Information Architecture Project



Steering Committee Meeting

February 17, 2000

Blueprint for Statewide Financial Systems

Steering Committee Meeting

February 17, 2000
9:00 to 10:30 AM
Forum Building

Agenda

Item	Action	Time	Lead
Results of Steering Committee Discussions	Information	10 min	Bill Dye
Approve Committee Role	For Approval	5 min	Sadie Hawkins
Work Plan	For Approval	10 min	Sadie Hawkins
Architectural Principles	For Approval	30 min	Sadie Hawkins
Project Assessment Criteria	For Approval	20 min	Sadie Hawkins
Preliminary List of Projects	Information	15 min	Bill Dye

Results of Steering Committee Discussions

- The project is viewed as important by all of the Steering Committee members.
- The Blueprint provides an orderly way to move forward with financial and administrative systems.
- There is a need for a more coordinated approach to financial and administrative systems.
- The Steering Committee can provide an important forum to work through issues about these systems across agencies and provide for technology transfer.
- It should be made clear that the Steering Committee is an advisory group to central services agencies.
- The OFM team needs to be more forthright in putting proposals on the table for Steering Committee reaction.
- It is important to identify a few key projects that the Steering Committee can endorse and which can demonstrate success.
- There should be a clear and, where possible, measurable articulation of business benefits of selected projects.

Steering Committee Role and Approach

Committee Role

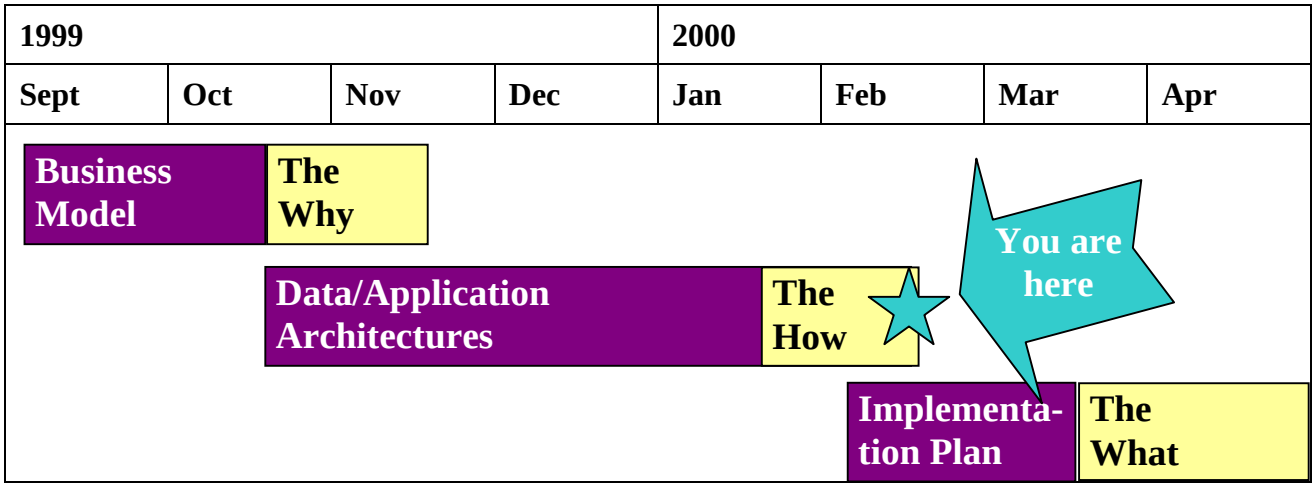
- Advisor on the State's investments in statewide financial and administrative systems.

Approach

- Agree on a common vision of the future of the State's financial and administrative systems.
- Adopt a set of principles that will guide the state investments toward that vision.
- Adopt a set of criteria that will guide the Steering Committee in the identification of high pay-off projects.
- Agree on a portfolio of initial project investments that will begin the process of implementing the vision consistent with the principles and investment criteria.
- Lend support and sponsorship to the various projects identified, including systems, policy and process changes.
- Periodically review progress and investment issues and assist in keeping projects on course and consistent with the changing business environment.

Decision

Work Plan



Decision

Financial and Administrative Systems Architectural Principles

The following list of principles represents agreed upon 'best practices'. They should be applied in a way that maximizes efficiency, effectiveness, or customer service benefits for Washington State. They should never be applied in a way that prevents or unnecessarily delays the realization of clear business benefits for an agency or the State. Also, the principles should not be construed to prevent or delay changes that have been mandated by external events.

Principle	Impact
1. Utilize an incremental approach to the upgrade and replacement of the state's financial systems	• Implies that individual projects of shorter duration and scope with incremental value will be used to implement a long-term vision, rather than engaging in a single large scale project. • Requires an underlying architecture that will unify the incremental projects and achieve simplicity of system use and integration of data.
2. Financial and administrative applications will support the shared use of a few central common data stores.	• This principle will require consideration in the design, acquisition and implementation phases of state financial and administrative systems. Additional incremental costs may be incurred on individual projects to achieve this goal. • Key data stores identified at this time are: – Employee – Vendors – Business Customers – Accounting – Budget and Performance • Data will have standard definitions. It also will be entered once and use validation rules to maintain data integrity.

Decision

Principle	Impact
3. Common systems and tools, centrally maintained, will be used by state agencies whenever practical.	• Consistent with statutes and Information Service Board (ISB) policies, agencies will endeavor to use common systems, maintained by central agencies as a first choice for meeting their financial and administrative systems needs. • Common systems distributed to individual agencies for their own customization, use and maintenance would be a second choice. • Individual, unique agency solutions would be a third choice.
4. Systems will provide for user "self-service."	• Overall transaction costs can be decreased and customer service improved if customers directly update or access their own files. • To accomplish this, data must be understandable and accessible to all who need it.
5. Provide, where appropriate, more consistency in cross-agency coding.	• May require changes to some program structures and ten year history. • May require changes in agency business practices.
6. Select high payoff improvement projects.	• May require coordination and concurrent development projects between multiple agencies. • Methodology should not unduly hinder infrastructure projects. • Sequencing of projects can be critical to achieving benefits.

Project Assessment Criteria

- Benefit. There needs to be a clear benefit to the business or customers from implementing the project. Benefits should be in the form of increased efficiency, effectiveness, or customer service. Where possible, benefits should be measurable.

- Sponsor support. Projects should be backed by groups such as the Governor, legislature, agency management, staff or customers.

- Impact. The extent and speed of impact of benefits should be assessed. In general, the more agencies or individuals that benefit the quickest, the higher the priority rating. Sometimes the impact can present challenges that should be addressed, such as when many organizations must change the way they do business to accommodate a new technology.

- Size. The size and complexity of the project should be assessed. Given resource and management constraints, the number of large projects that can be conducted at any one time is limited.

- Cost. The amount of resources required obviously will determine the ability to pursue a given project. However, benefits should be compared to costs. Some inexpensive projects may have high benefits and some expensive projects may yield only moderate benefits.

Project Assessment Criteria, continued

- Risk. Various risks need to be assessed including: project risk, if many interdependent tasks must be managed; business risk, if many business processes must change; or technology risk, if technology is unproven.

Project Assessment Example

Description				Assessment						
Function	**Project Name**	**Project Type**	**Responsi-bility**	**Benefit**	**Sponsor Support**	**Impact**	**Size**	**Cost**	**Risk**	Priority
Human Resources/ Payroll/ Personnel	Replace Payroll/ Personnel System	Software	DOP/OFM	High/ Efficiency	High	High	Large	High	High/ Project, Business	High
Accounting, Cost Accounting	Develop Cost Accounting System	Software/ Business Process	OFM	High Efficiency; Effective-ness	High	Moderate	Moderate	Moderate	Moderate/ Business	High
Accounting, Payables	Develop Internet Bill Payment	Software/ Business Process	OFM	High/ Efficiency	Moderate	High	Moderate	Low	Moderate/ Technology, Business	Moderate
Materials Management	Develop Consumable Inventory System	Software	GA/OFM	High/ Efficiency	Moderate	Moderate	Moderate	Low	Low/ Project	High

Appendix E: BASS Meeting Notes

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Friday, September 24, 1999

Overall Direction for Project/Success Factors

The blueprint should address standard setting and compatibility.

Business Issues/Challenges

The transmittal of fiscal notes into e-mail needs to occur more quickly.

Systems really need to talk to each other more (between agencies and central systems).

Financial Information Needs

Agencies need more data for budget development purposes.

Trends

Decision makers, such as the legislature, like to have more and more detailed financial information to use in making decisions.

Status of Current Statewide Financial Systems

Strengths

- Budget comparison versions are available for different agencies.
- Data provided is being leveraged internally (at DSHS) for a number of purposes.
- OFM offers a lot of specialized databases and services that agencies are not aware of, but that may be of benefit to them.
- Accurate financial information is being distributed.
- Information from OFM is “clean” and “clear”.

Weaknesses

- Information needs to be better linked to make budget decisions.
- Macro and micro perspectives of financial information are not well addressed.

- TEIS and other similar programs are not used enough because of level of deal and a lack of top level commitment to data; programs like this should potentially be available to the line worker, too.
- AFRS may offer too much flexibility.
- It is difficult to get access to detailed, historical looks at information in order to review trends and patterns.
- It is difficult to answer functional questions, such as how much do we spend on child care.
- It is also difficult to determine what a budget base is for a particular program.
- There is no central way for agencies to merge contracts.
- There is no way for the state to manage/track grants.
- Data does not always meet standards, as it is sometimes inconsistent with other similar information.
- Information is not always at the level of detail needed (sub-sub program level.
- Not all accounts or functions managed by OFM and regularly needed are institutionalized.

Guidance for Business Improvements

More data costs more money to manage; this is often not obvious to those who want to have it developed, as generating it and storing cost a lot.

- BOARD NOTES -

Financial Systems Strengths

- Automated version comparison (same data reports)
- Fiscal notes – electronic
- Streamlined budget reports
- Leveraging data for variety of purposes (DSHS)
- More integration: budget → allotments, HRISD → budget

Financial Systems Weaknesses

- Linking all info. involved in a budget decision
- Further performance measures/S. plan (BASS objective)

- No key management indicators capability/difficulty, levels and perspectives
  - Access
  - Ease of use
  - POINB, TEIS
- TEIS obstacles
  - Level of detail
  - Commitment to data
  - Performance fiscal accountability
- AFRS' flexibility – weakness or strength
  - Need to ensure data structure meets statewide needs
- Accessing historical data
- Trends
  - State Library examples
  - Financial and descriptive
- Not facilitate research
  - Could be 30 years
  - "Why are we feeling so poor?"
- Cross-program/activity hard to ID
  - DP
  - Child care
  - FTE analysis
- Biennial vs. annual reconciliation (general fund issue)
  - "Use it or lose it"
- Level of detail/cost
  - Budget vs. accounts
  - Management vs. legislative contract

Appendix F: Executive Discussions

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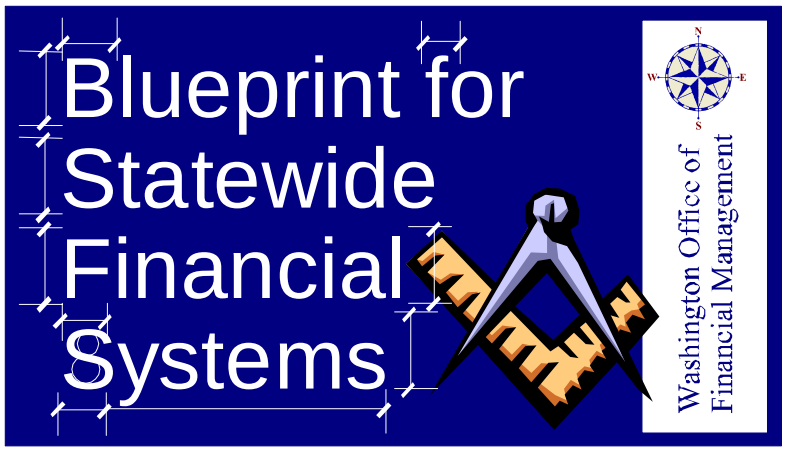
Washington Office of Financial Management

Enterprise Information Architecture Project



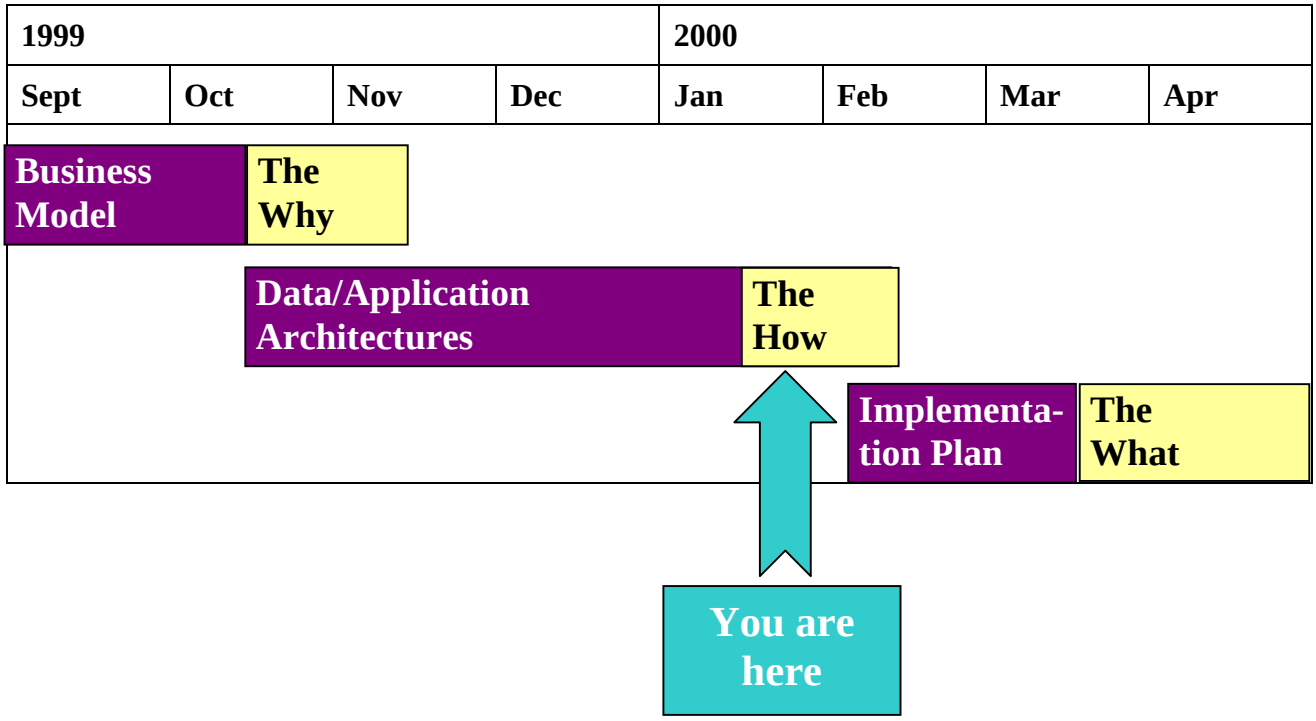
Executive Discussions

January 2000

Committee Role

- Manager of Statewide Systems IT Portfolio
- Establish Shared Vision

Work Plan



Objectives/Benefits

Save Money

- Hard savings
  - Fewer systems, databases, support staff
  - Better managed assets (inventory, equipment, buildings)
  - Better managed contracts and suppliers
- Efficiency through e-commerce
  - Faster, cheaper, simpler processes
  - Self-service (employees, customers, vendors)
  - Leveraged data
  - Cost avoidance
  - Systems built more efficiently (e.g., common data stores)

Objectives/Benefits, continued

Improve Management Decisions

- Better planning and budgeting
  - Refocused programs (cross-agency views)
  - Cost of service
  - Dedicated revenues
- Better management focus and reporting
  - Performance measures, results, balanced scorecard
  - Management reports
  - Staff training and consultation
- Increased value of data
  - Comparability, integration, access

Key Decisions

- Use incremental approach to upgrade and replace state financial and administrative systems.
- Implement and maintain a few key common data stores – employees, vendor, accounting.
- Use centralized, common systems and tools whenever practical.
- Provide more consistency in cross-agency coding and usage (revised chart of accounts).
- Select high payoff improvement projects (see list).

Example Projects

- **Human Resources**

  Replace payroll system utilizing a centralized employee database to reduce data costs.

- **Purchasing/Materials Management**

  Incorporate into the new Ultimate Purchasing System a single statewide vendor file to reduce data and process costs.

- **Accounting**

  In the DSHS Financial Reporting Improvement Project use information architecture to improve quality of information and efficiency of access.

- **Budget**

  Revise the statewide chart of accounts to allow cross-agency views of budgets, expenditures, and performance measures (e.g., cost of salmon initiatives across agencies).

Project Selection Criteria

- Measurable results
- Business justification
- Executive and policy level support
- Partner support and cooperation
- Business flexibility
- Incremental implementation
- Policy flexibility
- Risk sharing and mitigation
- Supportability
- Impact on other jurisdictions

Questions

- Do you agree with the project decisions to date?
- What questions can we answer about the project direction?
- What additional ideas do you have about how we can achieve project objectives?
- How can we best use your skills to achieve these objectives?

Appendix G: Sample Function/Major Activity Breakdown

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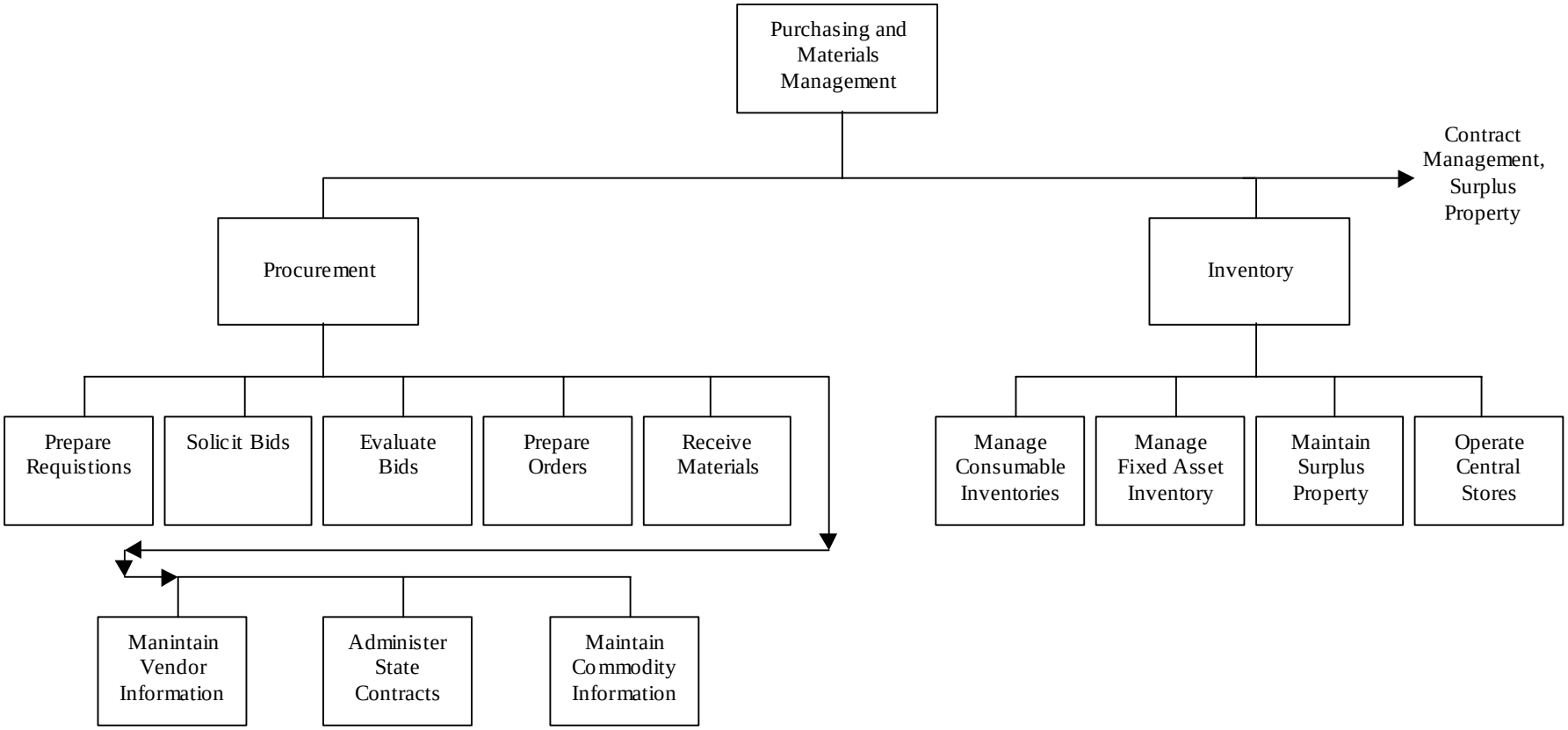
Washington Office of Financial Management

Blueprint for Statewide Financial Systems Project

Sample Function/Major Activity Breakdown



Appendix H: Business Model Detail

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Washington State Office of Financial Management

Blueprint for Statewide Financial Systems

Business Model Detail

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Dear Accounting, Human Resources, and Purchasing Focus Group Member:

Thank you again for participating in the Focus Group. Included in this document is a Business Model Detail Template for capturing additional information about your business area, which we discussed at our first session on September 16. We plan to use the information to develop a detailed business model that can be used to help determine data requirements for statewide financial systems.

Our overall approach for doing so includes further documentation of your agency's direction, identification of your unique financial functions, and documentation of financial information issues and systems related to those functions. This information will be gathered in the template. After we receive your completed template, we will compile the information into a business model and use the model as a starting point at future sessions for discussing data requirements for the systems you identified. This approach is further illustrated in the graphic on the following page.

Please complete the template by directly entering answers into each cell and then attach any relevant information you may have. Please return the completed template and attachments by October 8 to Susan Dodson at Susan.Dodson@ofm.wa.gov.

A completed sample of the Template is also included at the end of this document.

If you have questions, please contact Ron Carignan (OFM) at 664-7759 or Susan Dodson (OFM) at 664-7689.

Thank you for your participation.

Washington State Office of Financial Management

Blueprint for Statewide Financial Systems

Business Model Detail Template

Agency Name: _____

Primary agency contact, including name, telephone, and e-mail: _____

_____

_____

We would like to use this template to learn more about your agency's business direction and identify issues and needs surrounding your agency's financial functions.

Agency Business Direction

What are the major functions, or activities, of your agency? (list)
Example: Hazardous Waste Permitting

Washington State Office of Financial Management
Blueprint for Statewide Financial Systems
Business Model Detail Template

What is the future direction of those functions?
Example: Hazardous Waste Permitting will be available online in 2000.

What are the major issues facing your department's ability to successfully deliver services in the future?
Example: New Federal permitting guidelines may slow online availability.

Financial Functions

The chart on the following page is intended to capture key information on major financial functions within your agency. Please complete the chart, listing additional financial functions your agency may perform and answering questions about them.

Financial Function	How well is the function performed? (Check)		Are there unmet financial information needs? (Yes/No)	Who are the customers for financial information? (List)	How is performance measured? (List measures)	Other than OFM, what agencies is financial info shared with? (List)
	Well	Not Well				
Accounting						
Accounts Payable		***X***	***Yes***	*Example: Management; Treasury, Building Contractors*	*Number of late payment notices*	*Licensing*
Accounts Receivable						
Cash Management						
Chart of Accounts						
Consumable Inventory						
Cost						
• Cost Allocations • Labor Distribution • Work Orders						
Fixed Assets						
General Ledger						
Grants						
Performance Measures						
Projects						
Reporting						
Time Collection						
Travel						
Treasury						

Financial Function	How well is the function performed? (Check)		Are there unmet financial information needs? (Yes/No)	Who are the customers for financial information? (List)	How is performance measured? (List measures)	Other than OFM, what agencies is financial info shared with? (List)
	Well	Not Well				
Human Resources						
Personnel						
Payroll						
Reporting						
Purchasing						
Acquisition Support						
Commodity						
Contracting						
Vendor Management						
Budget						
Allotments						
Budget Preparation Performance Measures						
Other Functions Not Identified Here (List)						

For each function that you indicated is <u>not</u> performed well:

Function	Why is it not performed well?	Perceived causes
Example: Accounts Payable – for hazardous waste permitting	*Roll-up reports are difficult to develop*	*Current database is not compatible with other agency systems*

For each function that you that has unmet financial information needs:

Function	Description of unmet need	Perceived causes
Example: Personnel – for waste permitting	*Cannot track salary history of individual, seasonal employees*	*Database only keeps records for one year*

For each function that shares financial information with other agencies:

Function	Type of information	Flow (from what agency to what agency)
Example: Accounts payable – for hazardous waste permitting	*Confirmation of fee collection*	*Licensing to our agency*

Who can be contacted about data requirements related to the systems above (include name, telephone, and e-mail)?

Other issues/comments to address

Appendix I: Priority Projects

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The Governor's Objectives

The Administration's objectives were articulated in "Washington State Priorities", dated 06/07/00. Included with education, economic vitality, the environment, and public safety and health, is restoring trust in government by making state government credible and trustworthy in the eyes of residents through innovation, effectiveness, efficiency, and customer service. Specific goals include:

- Improved quality.
- Enhanced customer service.
- Efficiency gains.
- Alternative access to information and transactions.
- Cost savings.

The Blueprint Projects

Twenty-eight projects directly focused on implementing the Governor's objectives.

- All will improve quality. Better policy and management decisions via data availability and accessibility, improved data accuracy through elimination of data re-keying and synchronization, etc.
- All will improve customer service. Streamlined business processes, full-featured applications, easy to learn system interfaces, etc.
- Most will provide efficiencies. Fewer systems, fewer databases, easier to maintain applications, etc.
- Many will provide web-based transactions and/or data access. Electronic forms, customer "self-service" applications, etc.
- Some will reduce costs, and some will increase costs. Increasing services generally increases costs. Reducing costs generally reduces services. It is a rare project, indeed, that both increases services and reduces costs immediately upon implementation.

Problems and Blueprint Solutions

Following are some of the key problems identified and Blueprint solutions:

- Problem: Proliferation of financial systems – over 400 now and more are requested each year.
- Blueprint Solution: Application direction that has fewer systems and databases through common systems and common data stores, centrally maintained.
- Problem: Inefficient processes; e.g., procurement and contracting involves multiple agencies, multiple processes, redundant steps, and lacks technology integration.
- Blueprint Solution: Redesigned, streamlined processes and integrated technology; e.g., eliminate contracting steps, provide employee self-service through web technology.
- Problem: Difficulty in obtaining information to support policy decisions; e.g., salmon recovery program data across departments and across agencies.
- Blueprint Solution: Greater performance assessment capabilities through cross-department and cross-agency data reporting, and improved performance measurement.
- Problem: Challenging policy implementation because of antiquated systems; e.g., high fiscal notes for payroll/personnel issues.
- Blueprint Solution: Replacement of current systems to achieve a more compact, integrated applications architecture that is easier and faster to maintain.
- Problem: Loss of staff with financial expertise.
- Blueprint Solution: Simplified user interfaces and fiscal academy to make systems easier to learn, use and understand.
- Problem: Risk in large-scale systems upgrade/replacement efforts.
- Blueprint Solution: Managing risk of system improvements through incremental approach to upgrade or replacement of financial systems.

The Priority Projects: Implementation Schedule

Project	Category	2000			2001				2002				2003			
		2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Governance, Management and Communications	Cross-Functional															
Human Resources Systems Options Analysis	Human Resources															
Define Salary Projection System Requirements	Budgeting															
Enterprise Data Architecture	Cross-Functional															
Enterprise Reporting	Cross-Functional															
Activity Based Costing Pilot	Accounting															
Procurement Management Business Process Assessment	Procurement Management															
Assess Core Financial Systems	Accounting															
Define Contract/Grant Management System II Requirements	Procurement Management															
Define Allotment System Requirements	Budgeting															

First or only phase Next phase

The Priority Projects: Products and Values

Project	Product	Value
Governance, Management and Communications This project will establish a governance structure with the authority to make project decisions, set priorities and foster compliance with decisions; a management strategy to direct the implementations, manage the resources, and provide continuity; and a communications plan to promote an informed partnership between the project and its beneficiaries.	Governance: ▪ Governance strategy ▪ Project charter ▪ Executive Steering Committee schedule ▪ Issue resolution process Management: ▪ Management strategy ▪ Designated project management responsibility ▪ Resource allocation plan ▪ Progress reporting process ▪ Oversight and review process Communication: ▪ Communications strategy ▪ Target audience list ▪ Communication materials ▪ Calendar of communications events ▪ Event follow-up process	▪ Ensures adherence to the Governor's objectives of *improved quality, enhanced customer service, efficiency gains, alternative access to information and transactions,* and *cost savings,* as well as to the Blueprint information architecture principles. ▪ Ensures that the project can be managed effectively over time, and that implementations occur on time and on budget. ▪ Ensures all parties understand and support the Blueprint project goals.
Human Resources Systems Options Analysis This analysis will identify replacement alternatives for core payroll and personnel functions, and will address employee "self-service", time/leave management, recruitment management, training management, labor distribution,	▪ HRIS strategy ▪ Current and proposed IT architecture and migration plan ▪ Updated 1994 HRIS feasibility study	▪ *Improves quality* of policy and management decisions via data access and availability. ▪ Achieves *efficiency gains* in the data access, storage, and manipulation

Project	Product	Value
benefits management, salary projection, common employee identification, and a statewide employee data store.	▪ Alternatives analysis and recommendation ▪ Implementation plan ▪ Decision packages	processes; *improves data quality* and eliminates synchronization efforts, through centralized data stores and more *efficient*, streamlined processes. ▪ *Enhances customer service* and provides more *efficient* online processes via simpler, *alternative, web-based transactions* via electronic forms. ▪ Improves ability to implement Legislative and Executive policy decisions and provides maintenance and overhead *efficiency gains*, through the replacement of the older systems. ▪ *Improves data quality*, functional responsiveness, and *customer service* and satisfaction, through the use of web-based, "self-service", *alternative data access* methodologies.
Define Salary Projection System Requirements Detail requirements will be identified for the development of a new capability to project salaries/benefits for budget development and allotment, to replace Budget Preparation System 1, plus provide enhancements. (This project has been merged with the Human Resource Systems Options Analysis project.)	▪ Detailed salary projection system requirements ▪ Decision package	▪ Achieves *efficiency gains* through the reduction of staff efforts currently required by the budget development and allotment processes. ▪ *Enhances customer service* and *improves budget and allotment quality* by supporting work-types not supported by the current system. ▪ Improves ability to handle the complexities of policy changes and provides maintenance and overhead *efficiency gains* through the replacement of the older system.
Enterprise Data Architecture A statewide data architecture will be developed to provide a	▪ Data architecture strategy ▪ Data administration strategy	▪ *Enhances customer service* by providing greater flexibility in building, modifying, and maintaining financial and

Project	Product	Value
roadmap to information from a variety of sources (accounting, budget, human resources and procurement management systems). This project will establish an overall data design to implement the information architecture (subject data stores, decision reporting data warehouses, integration across financial functions). It is a precondition for doing other projects.	▪ Data architecture standards ▪ Data definition standards ▪ Statewide data model ▪ Statewide data dictionary ▪ Data index	and maintaining financial and administrative decision support applications. ▪ Provides a foundation for *improved quality* in governmental policy, management, and operational decisions through improved data organization. ▪ Introduces *efficiencies* necessary to meet operational and federal disclosure reporting requirements, and achieves *efficiency gains* through the elimination of the data re-keying that takes place today. ▪ *Enhances customer service* by providing tools with more capabilities, built for a larger audience of users, that could result in better accountability and analysis of agency expectations.
Enterprise Reporting This project will address cross-functional reporting for management policy and other decision support purposes. The project intends to enhance Fastrack data, and Fastrack's reporting capabilities, through inclusion of additional data, i.e., performance measures, additional budget information, human resource/payroll data, costs, agency-specific data, etc. It will address the lack of a Fastrack ad hoc reporting capability and web-based report request/delivery mechanisms.	▪ Reporting requirements ▪ Data access requirements ▪ Data transfer requirements ▪ Improved data access and ad hoc reporting tools ▪ Enhanced data warehouse including all agencies ▪ All AFRS reporting from the data warehouse ▪ User training program	▪ Promotes better policy, management, and operational decisions through *improved data quality* and the use of web-based, *alternative data access* methodologies. ▪ A composite data warehouse will *enhance customer service* by making user access less complicated and faster, will eliminate redundancies, and will ensure data accuracy and consistency. ▪ Achieves *efficiency gains* in information retrieval and report generation via use of web-based, "self-service", *alternative data access and transaction* applications.
Activity Based Costing Pilot Activity Based Costing essentially combines cost accounting	▪ Pilot agency and participating individuals ▪ Requirements definition, including	▪ Supports *improved quality* of management practices by more precisely identifying the costs of activities and

Project	Product	Value
with an activity orientation and performance measurement. The first step is a pilot project with one or more agencies to identify requirements and test the concept.	identification of resources to be assigned/allocated (activities, cost objects, objectives, performance measures) ▪ Pilot standards and procedures ▪ ABC Software ▪ Pilot evaluation ▪ Determination of applicability for statewide implementation	identifying the costs of activities and their root causes. ▪ Establishes groundwork for other initiatives for *efficiency gains* (performance measurement, cost accounting, activity reporting). ▪ Can promote operational *efficiency gains*, management accountability, and *enhanced customer service* through improved planning and business processes. ▪ Establishes linkages between strategic planning, performance measurement and budget accounting data. ▪ Has the potential for *improved operational quality* through better performance measurement.
Procurement Management Business Process Assessment This assessment will identify alternatives that will better integrate the various activities of procurement management, procurement, contract management, consumable inventory, fixed asset inventory and disposition, personal/client services, etc. It will review fundamental policy and procedural basis for different purchasing processes (GA, DIS, OFM and line agencies) and identify opportunities for simplification, efficiency, better management and control.	▪ Review and analysis of current business processes ▪ Review and analysis of current technical environment ▪ Industry best practices ▪ Alternatives analysis ▪ Alternative recommendation ▪ Implementation plan	▪ Has the potential to achieve *efficiency gains* through identification of simpler and fewer processes and systems, and better managed assets, contracts and suppliers ▪ Integration with other financial systems could *enhance customer service* through reduced cycle time of purchases and simpler procurement, contract, and inventory processes for the State and vendors. ▪ Achieves *efficiency gains* and *improves data quality* through the elimination of duplicate keying and storing of information.

Project	Product	Value
Assess Core Financial Systems An assessment of the implementations of these systems in other states will be conducted to determine if replacement is the best path to a secure systems future and, if so, will identify the best approach toward reaching this goal. This project will examine other state and vendor experiences prior to initiating major new projects. It will identify and validate experience with Enterprise Resource Planning (ERP) and "best of breed" software solutions.	▪ Identification of viable "best of breed" products and financial system "suites" ▪ Other state's experiences ▪ Alternatives evaluation and recommendation ▪ Implementation plan	▪ Provides a better context to make *cost-effective* decisions about the future of the current financial systems. ▪ Ensures that Blueprint strategies will be *effective* by validating them with the experiences of other states and vendors. ▪ Has the potential to identify reasonable-risk, *improved quality* solutions that *enhance customer service*, provide *efficiency gains*, and return a higher benefit.
Define Contract/Grant Management System II Requirements This project will identify requirements not covered in the Contract/Grant Management System I project currently underway. These requirements include personal services contracts, terms and conditions of contracts, and grants management.	▪ Requirements definition ▪ Alternatives analysis and recommendation ▪ Implementation plan	▪ *Improves the quality* and effectiveness of program outcomes and achieves *efficiency gains* by preventing over expenditures and other audit exceptions, through timely monitoring and management of grants. ▪ Achieves *efficiency gains* in the vendor selection effort by streamlining the process, and providing and communicating the availability of contracts for various services, as well as *improving the quality* of the vendors selected through performance evaluations. ▪ Provides *enhanced customer service* through flexible reporting based on grant/project attributes. ▪ Provides *efficiency gains* through automation of current manual processes.
Define Allotment System Requirements This project will define requirements to replace the state's allotment systems and provides the opportunity to rethink the	▪ Identification of capital and operating allotment methodology	▪ Achieves *efficiency gains* through automated monitoring and online reporting tools to support evaluation for decision support

Project	Product	Value
allotment process. The new system will handle capital and operating allotments.	▪ Requirements analysis ▪ Alternatives analysis and recommendation ▪ Implementation plan	decision support. ▪ Improves ability to handle the complexities of policy changes, and provides maintenance and overhead *efficiency gains*, through the replacement of older, difficult to maintain systems. ▪ Provides *improved data quality* through elimination of data re-keying. ▪ *Enhances customer service* by reducing agency frustration with current allotment process.